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# CURRENT HISTORY

A WORLD AFFAIRS JOURNAL

APRIL, 1989

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# Current History

FOUNDED IN 1914

APRIL, 1989  
VOLUME 88 NO. 537

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# Current History

APRIL, 1989

VOL. 88, NO. 537

*One of the major developments in the latter half of this decade has been the increasing prominence of the nations of East Asia. This issue discusses economic prosperity and political change in South Korea and Taiwan, domestic turmoil in the Philippines and Burma, the prospects for peace in Cambodia and stability in Vietnam, and the demands of this changing environment on United States policy. As our introductory article points out, "If there is an overriding trend in the region, it is the accelerated pace of change. . . . The United States must develop a more coherent, more realistic and more positive policy toward this increasingly important part of the world."*

## United States Policy in East Asia

BY NORMAN D. PALMER

*Professor Emeritus of Political Science, University of Pennsylvania*

THE remarkable changes that are occurring in East and Southeast Asia confront the administration of President George Bush with a multitude of problems and opportunities. These changes, as Frederic A. Moritz has noted, make "Asia less predictable and perhaps more difficult to influence at precisely the time American resources are strained to the limit." The challenge, in his view, "may be how to do more with less—as America's post-World War II military and economic preeminence in Asia continues to recede."<sup>1</sup> The United States is also challenged to show greater awareness and understanding of the changing scene on the other side of the Pacific rim, and to become less defensive, less reactive, less security-oriented and more genuinely cooperative.

In general, in the Western Pacific, as elsewhere in the world, there has been a marked easing of tensions and a growing emphasis on dialogue rather

<sup>1</sup>Frederic A. Moritz, "For the New Administration, A Changing Road in Asia," *Christian Science Monitor*, December 12, 1988.

<sup>2</sup>A New Stage in the Development of the Soviet Far East: Peace and Security for the Asian-Pacific Ocean Region," Speech by Mikhail Gorbachev in Vladivostok, July 28, 1986 (Moscow: Novosti Press Agency Publishing House, 1986), p. 28.

<sup>3</sup>During the Olympic Games in Seoul in September-October, 1988, the Soviet Union sent some 6,000 people to Seoul, including not only athletes but also large numbers of officials who held numerous discussions with their Korean counterparts about future relations.

than confrontation. Perhaps the main reason for this transformation, however limited or deceptive it may prove to be, is the change in the world outlook as a result of an improvement in relations between the United States and the Soviet Union. Without this breakthrough, it is doubtful that many of the major changes in various regions, including the Western Pacific, would have taken place. This is particularly true of one of the most important global developments, namely, the improvement, after long years of frigidity, in Sino-Soviet relations.

In his historic address in Vladivostok on July 28, 1986, Soviet President Mikhail Gorbachev declared that, "The Soviet Union will try to invigorate its bilateral relations with all countries in the region without exception."<sup>2</sup> Since then, the Soviet Union has indeed "invigorated" its relations with many of the nations of Asia, notably with China but also, less successfully, with Japan, the Philippines, and Thailand. A number of interesting contacts have developed, even with South Korea, which the Soviet Union does not officially recognize.<sup>3</sup>

More than two years after his Vladivostok address, in the western Siberian city of Krasnoyarsk, Gorbachev made a second major Asian policy statement. He repeated many of the points he had made at Vladivostok, but his Krasnoyarsk speech was less comprehensive, less conceptual, and more specific. He offered seven proposals or pledges for "Strengthening Security in the Asian-Pacific

Region." One of them, which was dismissed summarily by the United States and many Asian countries, read as follows:

If the United States agrees to eliminate its military bases in the Philippines, the Soviet Union will give up its fleet's material and technical supply station in Cam Ranh Bay in Vietnam.

In a threefold concession, Gorbachev stated that the Soviet Union would not increase its nuclear stockpile, nor its naval forces, nor its air power and activities in the region if other powers with similar capabilities would do likewise.

Two pledges reflected the Soviet Union's new emphasis on dialogue and negotiations. They were: (1) "The Soviets will participate in discussions on preventing incidents on the open sea and the air above it, in order to guarantee the safety of sea lanes and communications in the region"; and (2) "A mechanism will be created to negotiate the proposals of the Soviet Union and other nations dealing with the security of the Asia-Pacific region." A seventh proposal, advocating an international conference no later than 1990 to declare the Indian Ocean a zone of peace, was anything but new.<sup>4</sup>

The various pledges Gorbachev made at Vladivostok and Krasnoyarsk and, indeed, his whole "charm offensive" in Asia have had a greater impact in East and Southeast Asia (in both Communist and non-Communist states) than they have had in the United States. But while the ultimate test should be results, it would be unwise for the United States to dismiss the new Soviet approaches to Asia as "propaganda" or "the same old stuff," newly refurbished, just as it would be even more unwise to dismiss Gorbachev's address to the United Nations General Assembly on December 7, 1988.

The challenge for the United States is to show that its responsible leaders can also articulate a world view, can demonstrate "new political thinking" regarding Asia and other parts of the world, can advance positive proposals for promoting peace and regional cooperation in Asia and elsewhere, and can improve relations with the countries of Asia on the basis of equality and mutual respect, to use one of the general but apparently meaningful expressions that is often employed by Asian leaders of varying ideologies.

<sup>4</sup>This summary of the Krasnoyarsk speech is based on Duan Pin, "Soviet Union: Gorbachev in the Limelight Again," *Beijing Review*, vol. 31, no. 41 (October 10-16, 1988), p.14

<sup>5</sup>In an address before the School of Advanced International Studies-Japan Forum, Johns Hopkins University, on March 10, 1988, Gaston J. Sigur, assistant secretary of state for East Asian and Pacific Affairs, said: "Japan will contribute \$2.5 billion in 1988 for the support and maintenance of United States forces in Japan. That comes to about \$45,000 per U.S. serviceman stationed there...."

In short, the United States is challenged to show that it can do more than react, usually negatively, to Soviet proposals for peace and cooperation in Asia and the Pacific, and is ready to make more constructive contributions to these objectives in the region than it has made (or has been seen to have made) in the past.

### THE "CORE RELATIONSHIP"

For the United States, the relationship with Japan is the "core relationship" in the Western Pacific. The two countries are so interdependent in so many respects that any serious falling out would adversely and fundamentally affect their national interests and world position and the regional and global balance of power. Leaders of both countries have repeatedly affirmed this mutual dependence. But problems are constantly arising. Some arise from great differences in culture, customs, traditions and value systems, others from the trauma of adjusting to the new reality of equality and partnership in place of the old reality of patron-client. But the differences that are most frequently highlighted relate to economic affairs. In both countries, fortunately, there is a trend toward a more realistic approach to reducing the asymmetry in trade relations and defusing other economic tensions.

The United States-Japanese security relationship remains in place, in spite of continuing criticism in both countries. Problems of "burden sharing" seem to be becoming less fractious. This improvement is due mainly to Japan's slow but steady buildup of its "Self-Defense Force," its substantial contribution to the costs of maintaining United States troops and facilities in Japan,<sup>5</sup> its cooperation in securing the sea approaches within 1,000 nautical miles of its territory, joint security exercises and planning, and the virtual cessation of demands in the United States, especially in Congress, for Japan to increase its Self-Defense Force and its defense expenditures by a factor of two or three. Japan has already breached, just barely, the self-imposed limit of one percent of its gross national product for defense. Although, according to *The Military Balance 1988-1989*, its has only the seventeenth largest armed forces in the world, its defense expenditures will soon be exceeded only by those of the United States and the Soviet Union. Any exponential increase would arouse alarm throughout the Western Pacific, and should be discouraged by the United States.

The presence of 55,000 American military personnel at more than 100 bases and facilities on Japanese territory (including about 38,000 Marines on Okinawa) and the vexing question of United States nuclear weapons on Japanese soil

(which the United States, in conformity with long-established policy, will neither confirm nor deny) obviously provide grounds for continuing problems and irritations; but they will probably not become divisive factors unless Japan decides that it wants to come out from under the American military and nuclear umbrella and will no longer allow the use of its territory for wider United States security objectives in the Western Pacific.

Japan has concentrated on the expansion of its economic power, not its military strength. It has been ambivalent and hesitant on the issue of its proper political place in the world, although it is clearly playing a larger political and diplomatic role. This became obvious during the prime ministership of Yasuhiro Nakasone, an experienced internationalist, who talked broadly about comprehensive national security for Japan and about making Japan an "international state."<sup>6</sup> The trend has continued under Prime Minister Noboru Takeshita, his successor.<sup>7</sup>

The United States and Japan are cooperating on a wide range of international activities and programs. Inevitably there are some difficulties in this larger dimension of United States-Japanese relations. Some of these arise from the sensitive problem of working out cooperative relations between a country that still plays a major role in the world but is in a period of relative decline and a country that has become an economic power and is a rising political power. The United States may propose concessions to Japan's growing international position, like the occasional appointment of a Japanese instead of an American as head of the World Bank (to which Japan is now the second largest donor) and perhaps a permanent seat for Japan in the United Nations Security Council.<sup>8</sup>

Additional problems for United States-Japanese relations are being created by recent high-level contacts between Japanese and Soviet representatives and by signs that at long last Japan and the Soviet Union are about to establish a new and less abrasive relationship. In 1988, diplomatic contacts reached a climax with the visit to Tokyo, in

<sup>6</sup>See, for example, Yasuhiro Nakasone, "The New Asia-Pacific Era: A Perspective from an International Nation Building for the 21st Century," *1986 Britannica Book of the Year* (Chicago: Encyclopedia Britannica, Inc., 1986), pp. 11-16, 18-20.

<sup>7</sup>In May, Noboru Takeshita made a highly publicized visit to West Europe, where he emphasized Japan's desire to develop more extensive relations with the countries of the European Community, the third economic bloc in the world.

<sup>8</sup>See, for example, Alan D. Romberg, "U.S.-Japan Relations: A Partnership in Search of Definition," *Critical Issues 1988:1* (New York: Council on Foreign Relations, 1988).

<sup>9</sup>Quoted in Robert Delfs, "Foreign Relations: Passing the Test," *Far Eastern Economic Review*, vol. 142, no. 44 (November 3, 1988), p. 36.

December, of Soviet Foreign Minister Eduard Shevardnadze. During his meetings with top Japanese officials, the sensitive issue of the Northern Territories was discussed. (Until recently the Soviet Union has refused to discuss this issue.) Japan's leaders have repeatedly insisted that the two countries cannot conclude a long-delayed peace treaty or establish normal relations until the territorial issue is settled.

During Shevardnadze's visit an agreement was reached to initiate talks on the peace treaty and other matters, in spite of an admitted failure to reach an agreement on the Northern Territories. If these talks are productive, it is possible that Mikhail Gorbachev will travel to Japan for a summit meeting sometime in 1989, a visit that he has been willing to make for some time.

The United States will be understandably concerned about the impact of a marked improvement in Soviet-Japanese relations on its "core relationship" in the Western Pacific; but on the whole it should welcome rather than oppose this and any other major trends that will create better relations among the four major powers involved in Asian-Pacific affairs.

## SINO-AMERICAN RELATIONS

Mirabile dictu, the United States is also showing a mature attitude toward the growing improvement in Sino-Soviet relations. For many years, Americans felt more secure because of the tensions between Moscow and Beijing, mainly because these tensions kept Soviet forces and sophisticated weapons along the Sino-Soviet borders and elsewhere in Siberia and hence took pressure off the countries of the North Atlantic Treaty Organization (NATO). But in the new era of détente and with a new and less militaristic and confrontational Soviet approach to Asia, the United States could hardly withhold its approval of the easing of tensions between the two Communist giants. In September, 1988, during an official visit to China, United States Secretary of Defense Frank Carlucci stated the United States position:

Warming relations between Moscow and Beijing do not jeopardize United States or world security. ... We welcome this dialogue and we think the relaxation of tensions between the Soviet Union and China would be healthy for world peace and stability.<sup>9</sup>

By the end of 1988, Sino-Soviet contacts were developing rapidly. The dialogue between the two countries has led to significant progress toward the normalization of relations; the way has apparently been paved for a summit meeting in Beijing in 1989 between Mikhail Gorbachev and China's de facto leader Deng Xiaoping. The United States

position on Sino-Soviet normalization was reinforced by repeated statements by top Chinese leaders that Sino-Soviet relations would not be restored to the level of the 1950's and that the new relationship would not have an adverse impact on the development of China's relations with the United States.

Contacts between Taiwan and mainland China have also increased significantly in recent years. This is a trend that the United States should approve, as long as this process gives due consideration to the wishes of the government and the people of Taiwan as well as of the mainland.

Recent developments in South Korea have had a significant impact on United States policy and have dramatized the need for policy reassessment. In December, 1987, Roh Tae Woo, the nominee of outgoing President Chun Doo Hwan, who had ruled in authoritarian fashion since 1980, was elected as Chun's successor.<sup>10</sup> In February, Chun stepped down, as he had promised to do, thus paving the way for the first peaceful transfer of power since the Republic of Korea became an independent nation nearly 40 years earlier. Generally free and fair elections were held on April 21, and the results were surprising. Roh's party, the Democratic Justice party, won 125 seats in the National Assembly, less than a majority.<sup>11</sup> Roh remained in power, although obviously he did not get the clear mandate he had sought. Although he increasingly distanced himself from Chun Doo Hwan and Chun's policies, he was often on the defensive and was often embarrassed by demonstrations against him, especially by university students, and by revelations of corruption and misconduct among key members of Chun Doo Hwan's regime. Roh resisted strong demands that Chun himself be placed on trial; but the demands mounted until Chun, in late November, in an emotional television broadcast, confessed to serious wrongdoing, promised to turn over large sums of money to the government, and shortly thereafter retired to a Buddhist monastery in a remote part of the country, where he and his wife are living under extraordinarily Spartan conditions.

In 1988, contacts between North Korea and South Korea proliferated, in spite of the refusal of the South Korean government and the International Olympic Committee to agree to North Korea's demands for a major role in staging the

<sup>10</sup>He won only 32 percent of the vote, whereas the main opposition candidates, Kim Young Sam and Kim Dae Jung, received 28 and 27 percent of the vote, respectively.

<sup>11</sup>The Party for Peace and Democracy, led by Kim Dae Jung, won 72 seats, and the Reunification Democratic party, led by Kim Young Sam, won 60 seats.

<sup>12</sup>Tom Brown, "Less U.S. in South Korea?" *Seattle Times*, December 4, 1988.

Olympic Games and Pyongyang's consequent refusal to send a team to Seoul. Pressures increased for a "peaceful reunification" of the Korean Peninsula, an objective to which both Koreas were publicly committed. President Roh authorized steps to widen contacts with North Korea, and the National Assembly engaged in negotiations with representatives of the North Korean Assembly to convene a joint meeting of both assemblies or selected members of both.

As South Korea's indirect trade with both the Soviet Union and China increased, so did Japan's trade with North Korea. Even the United States, which had permitted almost no contact with North Korea, slightly relaxed its prohibitions and announced its willingness to allow United States representatives to meet with North Korean officials in other countries or at international conferences. These moves were encouraged by South Korea.

In November, 1988, President Roh said that the South Korean people—and presumably his government—would welcome "a lower United States military profile" in his country, and he indicated that the two governments were discussing four possible ways of moving toward this goal. As summarized by an American reporter, these discussions were considering the following moves:

- Removing South Korean troops from the operational control of the United States military;
- Relocating the United States military headquarters from Yongsan (in the center of Seoul) to somewhere in the countryside;
- Revising the Status of Forces Agreement to give Korean authorities more jurisdiction over American soldiers who are charged with crimes;
- Eliminating AFKN, the military television station.<sup>12</sup>

Such moves would be strongly supported in South Korea and would probably help to promote a more favorable image of the United States. However, they do not deal with the advisability of maintaining some 43,000 American troops on South Korean soil. In his November statement, President Roh said that the time was not ripe for United States troop withdrawal. This is also the official position of the United States government.

It may well be that, as one American diplomat  
(Continued on page 191)

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**Norman D. Palmer**, a contributing editor of *Current History*, has been a frequent visitor to Asia and is currently working on two books relating to Asia and the Pacific. His latest book is *Westward Watch: The United States and the Changing Western Pacific* (Washington, D.C.: Pergamon-Brassey International Defense Publishers, 1987).

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*"In the late 1980's, South Korea has seen rapid political change, continuous economic growth and steady social progress. South Korea has become one of the world's most dynamic countries."*

# South Korea's Rise to Prominence

BY YOUNG WHAN KIHL

*Professor of Political Science, Iowa State University*

In the late 1980's, South Korea is a success story in terms of its impressive gains in the political economy of development. The "economic miracle" of South Korea, sustained by remarkable achievements in recent decades, has made the country one of East Asia's newly industrializing economies. The unfolding drama of the "political miracle" under way since 1987 has also forced South Korea to progress along the path of political development. Only two years ago, in 1987, the country was engulfed in political turmoil and violent street demonstrations. Nevertheless, an orderly and peaceful transition of power took place on February 25, 1988, after the general election to choose a new President in December, 1987.

Under President Roh Tae Woo, South Korea's sixth republic is not politically stable, because the ruling Democratic Justice party failed to win the majority of seats in the April 26, 1988, National Assembly election. Nevertheless, the interparty dialogue and accommodation within the Parliament has kept alive the hope for rekindling democracy in South Korea. Moreover, if the current experiment in democratic politics succeeds, South Korea will emerge as an advanced third world nation in the 1990's. The hosting of the 1988 Seoul Olympics enhanced the prestige and status of South Korea as a progressive nation. Already a medium-sized industrial power, South Korea's participation in regional development projects has been much sought after by other nations.

What makes the Korean situation still fluid, however, is the geopolitics of Korea as a divided

<sup>1</sup>Young Whan Kihl, *Politics and Policies in Divided Korea: Regimes in Contest* (Boulder: Westview Press, 1984); Bruce Cumings, *The Two Koreas* (New York: Foreign Policy Association, 1984).

<sup>2</sup>For the author's perspective on the measures necessary to deescalate the Korean conflict, see Young Whan Kihl, "The Korean Peninsula Conflict: Equilibrium or Deescalation?" in Lawrence E. Grinter and Young Whan Kihl, eds., *East Asian Conflict Zones: Prospects for Regional Stability and Deescalation* (New York: St. Martin's Press, 1987), pp. 97-122.

<sup>3</sup>A Comparative Study of the South and North Korean Economies (Seoul: National Unification Board, 1988); Richard L. Sneider, *The Political and Social Capabilities of North and South Korea for the Long-Term Military Competition* (Santa Monica, Ca.: RAND Corporation, 1985).

nation. In the 44 years since the country was partitioned in 1945, the socialist North and the capitalist South have pursued different paths of political development and socioeconomic modernization.<sup>1</sup> Although they have remained isolated from one another, the two Korean states have succeeded—largely through internal efforts—in developing their respective societies. By the late 1980's, two fully developed and entrenched Korean states had emerged: unfortunately, they confront one another across a narrow band of the demilitarized zone (DMZ) that bisects the peninsula.<sup>2</sup>

Because of different rates of economic growth and sociopolitical development and varying capabilities to adjust to the changing environment, the balance between the two Koreas has come to favor the South over the North. In the last 25 years, South Korea has begun to outperform the North economically because of its dynamic economic growth.<sup>3</sup> South Korea's rise to regional prominence in the late 1980's is a reality, and this has implications for the future of inter-Korean relations and the regional balance of power.

As the Korean peninsula glacier is exposed to the thaw in the external environment, peaceful competition between the two Koreas rather than military confrontation will become the agenda. In this endeavor, South Korea's expanded regional role is acquiring greater significance; its participation in regional trade is sought after not only by its traditional allies—the United States and Japan—but also by the neighboring Communist countries of China and the Soviet Union, which see Seoul as a trading and investment partner.

## SOUTH KOREA'S OPTIONS

The strategic environment surrounding the Korean peninsula has begun to change in the late 1980's. The balance of power is shifting not only between the two Korean states but also between the Koreas and the four major powers with an active interest in the Korean peninsula: China, the Soviet Union, Japan and the United States. As each of the four major powers seeks to redefine its policy vis-à-vis the two Koreas, the ability of each

Korean state to maneuver among the major powers will be a decisive factor in determining Korea's destiny.<sup>4</sup>

The talks on normalizing Sino-Soviet relations, for instance, will undermine North Korea's "much-vaunted deftness in playing China and the Soviet Union off against each other." The failure to improve Japanese-Soviet relations already has given South Korea a window of opportunity to evolve trade ties with the Soviet Union, especially in connection with the ambitious Soviet plan to develop the Soviet Far East and the Siberian region. China's pragmatic open door policy under its "Four Modernizations" policy has led South Korea to increase its informal trade ties with China, in spite of the North Korean objection to Beijing's cultivating trade links with Seoul. Indirect Chinese-South Korean trade in 1987 approached US\$3 billion.

The successful hosting of the 1988 Seoul Olympiad yielded tangible benefits to South Korea in establishing external links with the Soviet Union and North Korea's allies in East Europe. Hungary and South Korea, having already exchanged permanent missions in late 1988, are negotiating to upgrade their relations and to establish diplomatic ties. Such a move is likely to be followed by similar acts by other East European countries as their mutual trade relations expand.

The summit meetings held by United States President Ronald Reagan and Soviet President Mikhail Gorbachev, in the wake of the signing of the Intermediate Nuclear Forces (INF) treaty in 1987, lessened tensions and increased the prospect for greater peace and security in the region. As long as South Korea perceives a North Korean threat, however, the Korean peninsula will continue to suffer tension. Still, the resumption of an inter-Korean dialogue in the summer of 1988, after a hiatus of 30 months, slightly improved the atmosphere.

The bold initiative aimed at improving relations with North Korea that was announced by South Korea's President Roh Tae Woo on July 7, 1988, may enhance the prospects for a peaceful resolution of the Korean dispute.

## POLITICAL DEVELOPMENT

Since Roh Tae Woo was elected President by a

<sup>4</sup>Kihl, "The Korean Peninsula Conflict," pp. 97-104; Also, see Kihl and Grinter, eds., *Security, Strategy and Policy Responses in the Pacific Rim* (Boulder, Colo.: Lynne Rienner Publishers, 1989), especially chapter seven on Korea's security dilemma.

<sup>5</sup>See Kihl and Ilpyong J. Kim, "The Sixth Republic: Problems, Prospects, and the 1988 Olympiad," in Kim and Kihl, eds., *Political Change in South Korea* (New York: Paragon House, 1987), pp. 243-247.

<sup>6</sup>Ibid., p. 247.

plurality of 36.6 percent of the popular vote, his government is not strong or stable enough to rule decisively. Moreover, during his presidential campaigns, Roh pledged publicly that if elected he would stand for a vote of confidence after the Seoul Olympiad, although the venue of this referendum was left undefined.

A major political event in South Korea's sixth republic was the holding of the thirteenth National Assembly election on April 26, 1988. This general election chose 224 of the 299 members of the National Assembly (the remaining 75 are to be chosen at large). The election was a defeat for the ruling Democratic Justice party because it deprived the Roh Tae Woo government of a majority in the legislature. The party captured 125 seats in the Assembly. The remaining 174 seats were won by three main opposition parties: the Party for Peace and Democracy, led by Kim Dae Jung, with 70 seats; the Reunification and Democracy party, under Kim Young Sam, with 59 seats; the New Democratic Republican party, under Kim Jong Pil, with 35 seats; the remaining 10 seats were captured by independents.<sup>5</sup>

For the first time in the history of the Republic, the ruling party lost its majority in the National Assembly. The defeat of the ruling party deprived President Roh of the luxury of a compliant National Assembly. Although this has increased instances of a legislative-executive branch confrontation, undermining political stability, it may be a "blessing in disguise." The ruling party and the opposition will be forced to play the game of political compromise. If successful, this will improve the chances for democracy and may accelerate political development in South Korea.<sup>6</sup>

In spite of the sporadic student-led antigovernment demonstrations in the street, a political lull prevailed in South Korea in the late summer and early fall of 1988. The party leaders had agreed to a temporary political truce during the Seoul Olympiad, from September 17 to October 4, 1988. Once the Olympic games were over, the National Assembly resumed its investigatory probing of the charges of corruption and irregularities during the administration of President Chun Doo Hwan (1980-1988).

When the National Assembly investigation uncovered the extensive irregularities, the public outcry for the arrest and trial of Chun's lieutenants as well as Chun himself intensified. The irregularities of the Chun era ranged from a financial scandal (in connection with the fund-raising for the Ilhae Institute to assist the families of those killed during the October, 1983, Rangoon bombing) to the cover-up of repressive measures and human rights violations in connection with the mistreatment of

political prisoners and the 1980 Kwangju uprising. Many members of Chun's family have already been arrested, tried and convicted. Other criminal indictments and civil suits will follow when the National Assembly probes are completed.

The public pressure on Chun himself, coupled with violent university student demonstrations demanding Chun's arrest, forced the former President to take a stand on the charges against him and his associates. On November 23, 1988, in a televised speech from his residence in Seoul, Chun publicly apologized to the nation for the mistakes he had made. Asking for forgiveness, he left Seoul for an internal rural exile.

Since Roh was Chun's political associate and former classmate in the military academy, his reputation and legitimacy were challenged as a result of Chun's confession. As China's political successor, Roh and his sixth republic must win the support of the majority of the South Koreans.

In an attempt to soothe the public, President Roh appealed to the nation to forgive his now-disgraced predecessor. In a televised address, he presented a six-point formula, promising to "liquidate past wrongdoing and carry out bold reforms" in the new era. These included the settlement of the 1980 Kwangju massacre and other human rights violations, the revision of several "evil laws" and the appointment of a special task force to probe corruption in the fifth republic.

As part of his pledge to do away with Chun's legacy of authoritarianism, President Roh reshuffled his Cabinet in December, 1988, replacing all but four portfolios. On December 21, 1988, he released 281 political prisoners and granted a sweeping amnesty involving 2,015 "politically motivated offenders."

The initial reaction to Roh's appeal, especially the reaction of the opposition parties, has not been encouraging. The question of Roh's legitimacy is at stake, as is the survival of his government, because Roh was a participant in the regime that he now condemns. The future of the sixth republic is therefore precarious.

## ECONOMIC DEVELOPMENT

While political turmoil and street demonstrations were under way, South Korea's economy continued to grow in 1986-1988. The major economic indicators show that the real growth of South Korea's gross national product (GNP) was one of the fastest in the world in 1986-1988, with an annual growth rate of 12.5 percent in 1986, 12.2 percent in 1987 and an estimated 12.1 percent in 1988.

The engine of South Korea's economic powerhouse is the export-led strategy of industrialization.

The foreign trade sector of the economy has grown rapidly, and the country's export of manufactured products doubled and tripled within a few years. In 1988, South Korea's trade volume surpassed the \$100-billion level, enabling South Korea to become one of the world's 10 largest trading nations. South Korea's \$112-billion trade volume in 1988 was surpassed only by such developed industrial democracies as the United States, Japan, the countries of the European Community (EC) and Canada. In 1988, the South Korean export volume grew at a faster rate despite an unfavorable climate for the Korean won's rise against the dollar, wage increases and increased trade disputes.

In this export-driven strategy, access to the overseas market, especially the huge United States market, has been crucial for success. The United States and Japan have been South Korea's largest and second largest trading partners, absorbing approximately 38 percent and 16 percent of the total export volume, respectively, in 1987.

As the protectionist pressures in world trade have escalated, however, South Korea's trade expansion strategy may not work as well as it worked in the past. For the time being, South Korea is trying to diversify its export markets by establishing trade links with European countries and the ASEAN (Association of South East Asian Nations) countries.

Coinciding with the 1988 Seoul Olympics, Hungary and South Korea established trade missions in each other's capital. Both countries subsequently agreed to upgrade their missions early in 1989, headed by diplomats with ambassadorial rank, a step that amounts to de facto diplomatic normalization. Hungary was the first Communist nation to open diplomatic ties with South Korea; other East European countries, including Yugoslavia, Poland, Czechoslovakia and Bulgaria, are expected to follow the suit in spite of North Korea's strenuous objections. Seoul has agreed to lend \$125 million to Hungary to initiate joint venture projects.

The Soviet Union also dispatched consular officials to Seoul before the Seoul Olympics. This act was preceded by Soviet cultural diplomacy, involving the tour of the Bolshoi Ballet and symphony orchestra in the major cities in South Korea. Seoul and Moscow have agreed to establish trade offices in 1989.

## SOCIAL PROGRESS

In the summer of 1987, violent street demonstrations led to escalating labor and industrial disturbances. The worker strikes and stoppages spread like wildfire, causing temporary plant

shutdowns and disruption of the economy. Since one of the secrets of South Korea's "economic miracle" is its disciplined labor force and the low cost of its labor, the workers' belated demands for higher wages and the right to collective bargaining will increase the cost of industrial production. South Korea's competitiveness in the world marketplace will also be affected adversely.

Rapid urbanization and population migration continue to deepen the process of industrialization of Korean society. So far the rural exodus has supplied the work force for industrial projects. Many of the migrants from the countryside are young people with a basic secondary education and they can easily become a skilled labor force.

As the standard of living continues to improve, middle class Koreans are playing a new role in maintaining political and social stability. The reaction of middle class citizens to the student demonstrations, for instance, was the key to former President Chun's decision to back down from his hard-line position in the summer of 1987 and his subsequent decision to apologize publicly.

Rapid industrialization and urbanization in South Korea have also unleashed the process of pluralistic democracy. Social groups and organizations, for instance, are better able to articulate their demands. The workers and farmers are beginning to express their attitudes toward policy issues. The farmers have also become more vocal in their protests against foreign pressure to open South Korea's agricultural market. The press and the intellectuals are beginning to express their opinions. The equitable sharing of the economic pie and the growing gap between the rich and the poor will also become agenda and policy issues as the economy continues to expand.

## FOREIGN POLICY

South Korea has become more active in diplomacy and more skillful in its diplomatic moves. President Roh, for instance, began a 12-day state visit to four Asian-Pacific nations (Malaysia, Australia, Indonesia and Brunei) on November 3, 1988, to promote closer diplomatic ties and increase trade.

On October 18, 1988, President Roh Tae Woo addressed the United Nations General Assembly, proposing a six-nation consultative conference on Northeast Asia. This proposal was intended, the Seoul authorities claimed, as a response to Soviet President Mikhail Gorbachev's initial proposal in his Krasnoyarsk speech about two months earlier.

The proposed consultative conference, accor-

<sup>7</sup>Robert A. Scalapino and Han Sung Joo, eds., *United States-Korea Relations* (Berkeley, Calif.: University of California Institute of East Asian Studies, 1986).

ding to Roh, would discuss a "broad range of issues concerning peace, stability, progress and prosperity" in Northeast Asia, including a permanent peace arrangement between North Korea and South Korea. Unlike the Gorbachev proposal, Roh's plan would include the United States as a key member of the six-nation consultative body, in addition to the Soviet Union, China, Japan and the two Koreas.

On his return trip, President Roh also conferred, in Washington, D.C., with United States President Ronald Reagan. The United States-South Korean alliance was reaffirmed; President Reagan praised Roh for the successful hosting of the Seoul Olympics and for the gains he had made in democratizing Korean politics.

## UNITED STATES-KOREAN RELATIONS

United States-South Korean relations have been friendly since the mutual security treaty was signed and ratified in 1953, after the conclusion of the Korean War.<sup>7</sup> Recently, however, several bilateral issues between Seoul and Washington have become tense. These include trade, security, burden sharing, and the issue of United States troop withdrawal.

Nonetheless, the United States and South Korea have maintained mutually beneficial economic relations. With growing United States trade deficits, however, bilateral trade disputes have escalated. In 1987, the United States importation of South Korean products reached \$18.3 billion, while United States exports to South Korea were \$8.7 billion. Since 1982, the unfavorable balance of United States trade with South Korea reached a record \$9.5 billion in 1987. This led to United States pressure on South Korea to liberalize its protected domestic market. Such pressure, especially on agricultural products, is resisted by South Korea's "nationalist" voices. Anti-American sentiment has also emerged for the first time to undermine the structure of security between the two nations.

South Korea is negotiating with the United States on the relocation of the United States military command in South Korea, away from its present location in central Seoul to a rural area. Relocating United States military facilities, including the return of a golf course under American control, will dampen growing anti-American sentiment.

(Continued on page 192)

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*"The international community has clearly achieved [Soviet President Mikhail] Gorbachev's goal — making the Cambodian question an excuse to explore better relations rather than seeing it as a barrier to peace. It remains to be seen whether the good intentions of all parties will actually achieve peace in Cambodia."*

# The Progress of Peace in Cambodia

BY ELIZABETH BECKER

*Author, When the War Was Over: Voices of Cambodia's Revolution and Its People*

In January, 1989, the Cambodian war was on the verge of a settlement, and for the first time in decades Cambodians were reasonably optimistic that peace would save their nation from the deadly sequence of war and terror that had nearly destroyed them.

Appropriately, the search for peace in Cambodia has required almost global participation. If there is a settlement in 1989, was is now predicted, it will represent a new era of rapprochement in Asia and peace in Cambodia. The third Indochina War will have ended.

Until 1987, Cambodia had seemed hostage to the worst of territorial and ideological conflicts in Asia—it was the Lebanon of the region. International rivalries were intertwined with complicated feuds and betrayals among the Cambodians themselves and with the war to force out the Vietnamese occupation troops.

All sources of conflict had to be resolved if Cambodia were to escape the fate of Afghanistan, where the withdrawal of foreign occupation troops is giving way to full-scale civil war. Three different campaigns were launched to address these problems. Then, once the prospect for peace improved, the campaigns began feeding into one another, much as the conflicts had infected each other in war.

Soviet President Mikhail Gorbachev publicly launched an international campaign to break the Cambodian deadlock with his speech at Vladivostok on July 28, 1986. While his oratory lacked fire, he alerted Asians to the fact that the new Soviet leader was serious when he said: "We are in favor of building together new, fair relations in Asia and the Pacific."<sup>1</sup>

Gorbachev's recipe for solving Cambodia's dilemma was singlemindedly aimed at Asian reconciliation. He brushed over the atrocities of the Democratic Kampuchea, the government ruled by Pol Pot from 1975 to 1979; he made no mention of

Vietnam's invasion and occupation thereafter; instead, he said, "Much depends on the normalization of Sino-Vietnamese relations."

This was a "what-is-good-for-Asia-is-good-for-Cambodia" approach, and it set the tone for the ground-breaking international negotiations that followed. Gorbachev sought to transform the Cambodian issue from an obstacle to peace into an excuse for negotiations among the most stubborn enemies. And although peace has yet to be secured for Cambodia, Gorbachev's approach has nonetheless succeeded. In the name of peace for Cambodia, historic meetings have been held between China and the Soviet Union and between Thailand and Vietnam; and talks are scheduled for China and Vietnam, the two nations Gorbachev most wants to see end their feud.

Vietnam took a far different tack in announcing its agonizingly slow withdrawal of its once 200,000-strong occupation force from Cambodia. At a meeting of foreign ministers from Cambodia, Laos and Vietnam in 1985, the Vietnamese told a skeptical world all Vietnamese troops would leave Cambodia by 1990. This followed several years of announcing partial troop withdrawals that were routinely challenged by Western military analysts, who said that the troops were always replaced by fresh soldiers.

But the Vietnamese stuck to this self-imposed 1990 deadline, at least on paper. By 1987, Western military analysts had confirmed the fact that Vietnamese troop rotations were becoming troop withdrawals and that Vietnam just might be serious about getting out of Cambodia.<sup>2</sup>

The second track, the military war to liberate Cambodia from foreign occupation forces, was being resolved as international diplomacy pressed for an end to the war. In effect, Vietnam was accepting a defeat in Cambodia. The war had dragged on for nine years, and neither side was victorious. The actual cost of the war was compounded by a deadly international sanctions campaign that helped push Vietnam's economy into the cellar. (By 1989 Vietnam's per capita income was less than that of

<sup>1</sup>Speech by Mikhail Gorbachev, reprinted in *Vital Speeches of the Day*, no. 23 (September 15, 1986).

<sup>2</sup>See Jean-Claude Pomonti, *Le Monde*, October 3, 1987, and October 22, 1987.

Bangladesh.) All Vietnam's efforts to liberalize its economy, dating as far back as 1979, had failed because of the isolation and the drain of the war.

As the Vietnamese began pulling out their troops, the third and most sensitive phase of the negotiations began, triggered by developments in the other two spheres. In the winter of 1986-1987, a retired French diplomat named Jean-Jacques Galabru traveled to Phnom Penh to convince Cambodian Prime Minister Hun Sen to negotiate with the exiled Prince Norodom Sihanouk.<sup>3</sup>

Hun Sen had agreed to an earlier secret negotiating session under official French auspices in 1984, but Sihanouk had backed out suddenly.<sup>4</sup> This time, the go-between was a private French citizen, and no government was the official sponsor. Hun Sen agreed to allow Galabru to seek a meeting with Sihanouk, but this time Sihanouk had to invite Hun Sen.

Galabru began to negotiate with the Sihanouk camp in the following months. By then, Sihanouk's army and political organization had surpassed that of the faltering Khmer People's National Liberation Front (KPNLF). Sihanouk had placed his son and heir apparent, Prince Norodom Ranariddh, at the head of the army and made him chief spokesman. Sihanouk was thus freed to act as a leader above the fray, a world-class figure who could lead the non-Communist nations in negotiations.

He moved quickly. On May 14, 1987, after the Galabru approach, Sihanouk announced that he was taking a year's leave of absence to protest the killing of his soldiers by his resistance coalition partners—the Khmer Rouge. Thus began the complicated maneuvers to prevent the Cambodian Communists led by Pol Pot from playing a major role in a postwar peace settlement.

By focusing almost exclusively on Vietnam's occupation of Cambodia, most of the international community (save the Soviet bloc) had glossed over the ugly fact that the majority of the Cambodian soldiers in the anti-Vietnamese resistance are Khmer Rouge. In 1979, when Cambodian armies were forming along the Thai-Cambodian border to challenge the Vietnamese occupation, only China came forward to give large, open support to the resistance. And China naturally chose to give the lion's share of its funds to the Khmer Rouge Communists whom it had supported when they were in power.

Western governments believed that the non-Communists were incapable of mounting an effective military force; the West promised political support only. In 1982, by preordained arrangement,

the Khmer Rouge became the muscle behind the resistance; the non-Communists led by Son Sann of the KPNLF and Prince Sihanouk with his Armée Nationale Sihanoukiste (ANS) became the political front. The coalition government was named for the Khmer Rouge regime expelled by the Vietnamese invaders—the Coalition Government of Democratic Kampuchea (CGDK).

That arrangement threatened any hope of peace. The Cambodian people may be divided as to who should lead their country, but they are united in their belief that the Khmer Rouge should never be returned to power. During their rule, the Khmer Rouge were responsible for the near destruction of Cambodian society, the death of perhaps two million people, and the undermining of the economy. The Khmer Rouge took their people and their country into a dark age of terror.

A few months after Galabru initiated private and secret efforts in 1986-1987, the Association of South East Asian Nations (ASEAN) and the Vietnamese agreed to host an informal session (at first labeled a "cocktail party") among all four Cambodian factions—the Phnom Penh regime of Hun Sen; the non-Communists under the leadership of Prince Norodom Sihanouk; the KPNLF nominally under Son Sann; and the Khmer Rouge still led (unofficially) by Pol Pot.

China immediately opposed the idea. It was finally accepted nearly one year later, in a modified form and after China realized that the Cambodians were prepared to negotiate whether or not Beijing approved.

In September, Sihanouk prepared the public for his soon-to-be-announced talks with Hun Sen. He had already sent a telegram to the French newspaper *Le Monde* saying he hoped to do more for his people during his leave of absence than he was able to do as head of a coalition with the Khmer Rouge. Then Sihanouk met with the "Sept Sages," the seven elderly Cambodian statesmen exiled in Paris. They encouraged Sihanouk to meet with Hun Sen, and their leader told the press:

"We wish the Cambodians would reconcile themselves and form a four-party government. If one faction takes the responsibility of refusing to accept [this idea] then that faction will at the same time accept the responsibility for the death of Cambodia."<sup>5</sup>

In October, Hun Sen formally announced he would meet with Sihanouk. Significantly, he made his announcement in Moscow, underlining the fact that all three tracks—international diplomacy, military withdrawal, inter-Cambodian negotiations—were moving toward a settlement.

During the first week of December, the two men finally met at a chateau in Fère-en-Tardenois in

<sup>3</sup>Author interview with Jean-Jacques Galabru, June, 1988.

<sup>4</sup>Author interview with Hun Sen, November 10, 1988.

<sup>5</sup>Agence France Presse, Paris, September 18, 1987.

France's champagne country. The mood was electric. The near legendary Prince Sihanouk embraced the young, unknown Hun Sen, who called the elder "Samdech," or Eminent One, the royal title Sihanouk prefers.

Except for their ambitions, the two men are opposites in every conceivable fashion. Hun Sen came of age within the Cambodian Communist party under Pol Pot. He lost an eye during the war and defected from the Khmer Rouge after its victory once he realized the direction of the revolution, particularly the purge of party members like himself. Hun Sen fled to Vietnam in 1977 and returned to Cambodia behind the Vietnamese invaders. He proved one of the most able of the Cambodian Communists who willingly served under the Vietnamese occupation rather than allow the Khmer Rouge to return. As Prime Minister Hun Sen has overshadowed the nominal head of state, Heng Samrin, and he has won the respect of the small but significant surviving non-Communist elite.

Within three days, the two leaders came up with words of optimism and a general outline for peace. "The door to peace is open," in the words of Sihanouk. It was "a historic meeting" in a "true atmosphere of friendship working toward a true solution," in the words of Hun Sen.<sup>6</sup>

The communiqué called for a political settlement that would leave Cambodia "peaceful, independent, democratic, sovereign, neutral and non-aligned." The Cambodians themselves were to work out a settlement that would then be ratified by the international community. There was no mention of the Vietnamese occupation forces or of the Khmer Rouge.

The two leaders met again in January, 1988, this time in the Parisian suburb of St. Germain en Laye, where they filled in more details of a prospective peace treaty. Hun Sen agreed with Sihanouk's proposal that open, free elections must be held within a peace framework. Those people elected would join in a National Assembly and then write a constitution for a new government.

But Hun Sen refused to consider Sihanouk's suggestion that the Khmer Rouge army could be incorporated into a four-part army. He said that the Khmer Rouge, but not their top leaders, would be free to take part only in political life. Hun Sen has maintained this position ever since.

Thereafter, each leader spent the spring and summer convincing his respective patrons to abandon those positions blocking peace. Hun Sen's was

<sup>6</sup>Descriptions of all three Sihanouk-Hun Sen meetings are based on author's notes.

<sup>7</sup>United States State Department Press Guidances from January 20, 1988, through May 6, 1988.

<sup>8</sup>Official State Department text, July 7, 1988, Bangkok.

the more straightforward task. His allies are in the Soviet bloc; his task was to get Vietnam to agree to earlier troop withdrawal schedules in order to pry concessions out of China.

Sihanouk, on the other hand, had to solve the Khmer Rouge problem without losing his patron, China. Immediately after the Fère-en-Tardenois talks, China issued a statement saying,

The crux of the political settlement of the Kampuchea [Cambodia] question is for Vietnam to withdraw all its troops from Kampuchea as early as possible.

At the end of January, 1988, Sihanouk resigned as head of the coalition with the Khmer Rouge. In response, Khmer Rouge leader Khieu Samphan said he was confident Prince Sihanouk would return to the coalition. Later, in April, Khieu Samphan dismissed the peace negotiations as attempts "to make sure the Vietnamese continue occupying" Cambodia.

At about this time, in the spring of 1988, the international press began printing stories and editorials warning that the Vietnamese were withdrawing their troops and that the Khmer Rouge were threatening to walk into the vacuum if a political settlement were not reached.

The United States, among other nations, was not convinced. The United States State Department consistently belittled such speculation; discussing the Cambodian problem, it mentioned only the need "for the withdrawal of Vietnamese forces and self-determination for the Cambodian people" within a political settlement. There was never any mention of a Khmer Rouge threat.<sup>7</sup>

Then, in the summer of 1988, the West recognized the threat of the Khmer Rouge and the need for Western leadership in the search for peace. In June, unidentified State Department sources floated rumors published in the *Washington Post* that Beijing was willing to offer asylum to Pol Pot. On June 24, the Chinese denied the story as "groundless."

But on July 1 the Chinese released their own proposal for peace in Cambodia that included safeguards against the return of the Khmer Rouge and a freeze on Cambodian armed forces before free elections under international supervision. It went unnoticed that this Chinese plan was closer to Hun Sen's than to Sihanouk's.

Six days later, on a trip to Bangkok, United States Secretary of State George Shultz publicly declared that the United States

remains unalterably opposed to the Khmer Rouge ever again taking control of Cambodia and we believe it is essential that any settlement have adequate safeguards to prevent this.<sup>8</sup>

At last, the Khmer Rouge were on the spot, and

Prince Sihanouk took immediate advantage of the shift in the world's attention. The Prince was in Bangkok with Shultz and other foreign statesmen who had gathered to attend an ASEAN meeting. Convinced that these leaders viewed him as the key to a solution, he abruptly announced he was leaving the coalition altogether—he was "divorcing" the Khmer Rouge.

That was Sunday, July 10, just 15 days before the Joint Informal Meeting (JIM) was scheduled to begin in Bogor, Indonesia, an expanded version of the meeting announced by the Vietnamese and ASEAN the year before. Without Sihanouk, the JIM would be a disaster.

Ten days after his "divorce," Prince Sihanouk wrote out 29 pages of answers to questions posed by this author about his new policy. Sihanouk said he feared "a new holocaust" if the Khmer Rouge were allowed to take over as the Vietnamese withdrew. He leveled charges of moral blackmail against the West and China, saying that those countries that continue to support the Khmer Rouge-dominated coalition government must accept "the entire responsibility for a new holocaust of the Cambodian people."

Sihanouk listed several proposals to hasten a solution: the Cambodian seat at the UN should be vacated; China should stop arming the Khmer Rouge; Thailand should stop giving the Khmer Rouge sanctuary on the Thai side of the joint border.

China later convinced Sihanouk to drop his idea of vacating the UN seat.<sup>9</sup> But the Chinese proved responsive to the far more important request to stop aiding the Khmer Rouge. The Thais, however, were the first to seize the initiative. Much of Western, if not Chinese, support for the resistance coalition rests on the defense of Thailand, the "front-line" state most directly threatened by the war in Cambodia. In August, shortly after his father's election as Prime Minister, Kraisak Choonhavan said that Thailand should stop supporting the Khmer Rouge. "Thailand must take the initiative if China doesn't change its stand toward the Khmer Rouge," he said, in what was the first warning of a fundamental shift in Thai policy.

A few weeks earlier, the Vietnamese had provided further evidence that they wanted to withdraw from Cambodia. On June 30, the Vietnamese announced that they were pulling their military high command out of Cambodia along with their advisers. They also offered an official accounting of

<sup>9</sup>Sihanouk revealed that he had agreed to drop the UN seat demand at his December 17, 1988, press conference in Paris at an international conference of his political organization FUN-CINPEC.

<sup>10</sup>*Liberation*, July 29, 1988.

<sup>11</sup>*The Times* (London), August 8, 1988, quoting Thatcher at Camp B, Greenhill Camp, along the Thai border.

the cost of their Cambodian adventure: 25,000 Vietnamese soldiers had died in that war since the intervention in December, 1978. This was the first time the Vietnamese had given a casualty figure, and it mirrored the behavior of the Soviet Union as it prepared to pull out of Afghanistan.

The Vietnamese pledge seemed to be tied to the JIM informal meeting, which took place at the end of July; Sihanouk attended as an onlooker for the first few days and then he interceded as a "father figure" above the fray.

At JIM, all four factions, including the Khmer Rouge, met together for the first time and all except the Khmer Rouge submitted peace proposals. The Vietnamese also attended these informal sessions, and Vietnamese Foreign Minister Nguyen Co Thach applauded the success of JIM, claiming that "in general terms we have more agreements; in concrete terms, we have more disagreement."

Translated, this means that no one agreed about how the Khmer Rouge were to be prevented from using their muscle to upset the peace process; they disagreed over the timetable for a Vietnamese withdrawal, the composition of a peacekeeping force (armed or not, under whose control?), and how a transition government might oversee elections.

Thach complained: "I have announced the Vietnamese withdrawal calendar but no one talks anymore about the danger of the Khmer Rouge—it is not like this that one makes peace in Cambodia."<sup>10</sup> His complaint was answered later that summer.

In August, British Prime Minister Margaret Thatcher raised her nation's profile by visiting Prince Sihanouk at a Cambodian refugee camp in Thailand. There she promised that "the Vietnamese must go but we must not allow the return of the terrible Pol Pot regime in their place. No civilized country could accept that."<sup>11</sup>

Japan hosted Prince Sihanouk for eight days immediately afterward, offering him a palatial residence, financial support and Japan's continued political support in the search for peace. Japanese Prime Minister Noboru Takeshita visited Beijing on August 25 and discussed his nation's hopes for peace in Cambodia. Two days later, Chinese and Soviet diplomats held their first detailed talks on the Cambodian conflict. In Beijing just before those talks, Sihanouk told the British newspaper *The Guardian*, "I think Vietnam is genuinely willing

(Continued on page 200)

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**Elizabeth Becker** is the author of *When the War Was Over: Voices of Cambodia's Revolution and Its People* (New York: Simon and Schuster, 1986). She was a correspondent for the *Washington Post*, covered the Cambodian war and has made numerous trips to Indochina since 1975.

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*"Taiwan has done what dependency theorists contended would lead to disaster. Instead of stagnation, its trade policies have produced a miraculous growth. ... However, China may be fearful of Taiwan's success."*

## Taiwan: A Nation in Transition

BY JOHN F. COPPER

*Stanley J. Buckman Distinguished Professor of International Studies, Rhodes College*

OVER the last three years, Taiwan has changed a great deal—in its economy, in domestic politics and security and in its foreign policies.

In 1986 Taiwan, which had been running even with Singapore in the race for economic development, pulled ahead. It could boast the fastest growth in gross national product (GNP) of any nation in the world over a period of 20 years—the criterion used by economists to determine economic success. Since then, high levels of growth have kept Taiwan in the number one position.

Politically, Taiwan has also changed—it has democratized at a frantic pace. Taiwan held the first two-party elections in its history in December, 1986. Seven months later, the government terminated the martial law that had been in force for 38 years. In January, 1987, President Chiang Ching-kuo (the eldest son of Generalissimo Chiang Kai-shek), who had been President for a decade, died; this marked the end of the "Chiang Dynasty." Lee Teng-hui, a native-born Taiwanese, became President—an event many observers had said would never occur.

During 1988, Taipei even made gestures toward the People's Republic of China, its archrival. Some label these moves "détente" and see them as signifying eventual reunification. More knowledgeable observers say greater confidence on the part of the Taiwanese government spurred the moves; they believe that the growing gap in living standards between Taiwan and China makes unification less likely, not more. Confirming the view that Taipei will not accept unification, at least not on Beijing's terms, in mid-1988 the government of Taiwan announced that it would soon deploy indigenous-built submarines and what it labeled the best fighter plane built in Asia.

<sup>1</sup>See *Asia Yearbook 1989* (Hong Kong: Far Eastern Economic Review, 1988), p. 9.

<sup>2</sup>For an excellent background on Taiwan's "economic miracle" see John C.H. Fei, Gustav Ranis and Shirley W.Y. Kuo, *Growth with Equity: The Taiwan Case* (New York: Oxford University Press, 1979). For a more recent study see Yuan-li Wu, *Becoming an Industrialized Nation: The ROC's Development on Taiwan* (New York: Praeger Publishers, 1985).

<sup>3</sup>See *Asia Yearbook 1989*.

Observers have been saying that Taiwan is not only a changed country, but a success story nation. In mid-1950, mainland China's Chairman Mao Zedong finalized plans to invade Taiwan, and would have done so had it not been for American intervention at the onset of the Korean War. Economically, in the early 1950's Taiwan was in deep trouble; it faced crowded conditions with population growth out of control, no natural resources, and little investment capital.

Its success has caused many observers to declare that Taiwan is a nation that thrives on adversity. Others say Taiwan is a model of development. Third world leaders and even Western scholars, many previously enamored of the Maoist paradigm, have been asking how Taiwan has accomplished so much. Many have gone to Taiwan to see for themselves. This publicity has certainly changed Taiwan's image abroad; it is no longer regarded as a pariah state.

Taiwan's economy grew at a rate of 10.8 percent in 1986 and 11.5 percent in 1987. The growth rate was just over 7 percent in 1988.<sup>1</sup> Experiencing double digit increases in the GNP for most of the 1970's and the 1980's, Taiwan has had the largest number of double-digit growth years of any nation since World War II and it has been touted as the world's best economic performer in the past 20 years. Over the last two decades, its economy has expanded more than fortyfold, compared with a tenfold expansion for the world's economy as a whole. Economists now regularly refer to Taiwan as an "economic miracle."<sup>2</sup>

Trade, which most observers think is the most important key to Taiwan's economic success, tripled every five years after 1955, quadrupling during 1975-1980. In 1987, Taiwan's foreign commerce expanded by 25 percent and in 1988 it grew at a rate just below 20 percent. In dollar terms, its foreign trade grew from just over \$2 billion annually two decades ago to \$100 billion annually in 1988—making Taiwan the world's twelfth largest trading nation.<sup>3</sup>

In the early phases, Taiwan's economic development was built on low-cost but relatively well-

trained and disciplined labor; today it is based on capital-intensive and knowledge-intensive industries. Recently, electronics replaced textiles as Taiwan's leading export. Sales of information products increased by 70 percent in 1987 and continued to expand in 1988, making this a major export category. In microcomputers and computer parts, Taiwan is now the world's leader. It remains competitive in the global marketplace in machinery, plastics, furniture, automobile parts, steel (because of the rise in the value of the Japanese yen) and shipbuilding (ranking number four in the world in 1988).<sup>4</sup>

Taiwan's per capita income, which for some years lagged behind its economic growth, has recently skyrocketed. By the end of 1986, it was just under \$5,000; by the end of 1988, it was over \$6,000 (compared with per capita income of \$50 per annum in the early 1950's).<sup>5</sup> This fact, many say, puts Taiwan in the category of a developed country; other countries have started to treat Taiwan as a wealthy nation. Taiwan's citizens now have incomes exceeding those of several European countries. High incomes and income equality have for some years promoted consumerism. The GINI index—the ratio of the top 20 percent to the bottom 20 percent of the population by income—is around 4.3, even below the GINI index in Japan and the United States. By 1987, more than 99 percent of Taiwan's families had color television sets—a larger percentage than in the United States. Most families have refrigerators, washing machines, telephones and other conveniences. Taiwan's economy has clearly become consumer-oriented.

But prosperity has had some side effects. Land prices have exploded; in some parts of Taipei land values now exceed those of Manhattan. Although inflation has been kept under control (with the consumer price index rising only 0.52 percent in 1986 and 0.98 percent in 1987), during 1988 the government showed signs of worry about rising prices.

Taiwan's large stock of foreign reserves (second only to Japan's) has been a major cause for concern. Taiwan's foreign exchange position grew from US \$33 billion in 1986 to US \$71 billion in 1987 to more than US \$75 billion in 1988. In July, 1988, Taipei lifted foreign exchange controls that had been in effect for 40 years and allowed each of

<sup>4</sup>See various issues of *Free China Review* for up-to-date statistics on Taiwan's economy and businesses.

<sup>5</sup>Ibid.

<sup>6</sup>See Jonathan Moore, "Boom or Bust," *Far Eastern Economic Review* (hereafter cited as *FEER*), December 29, 1988, p. 42, regarding the inflation issue. See *Asia Yearbook 1989*, p. 225, regarding Taiwan's new foreign exchange regulations.

<sup>7</sup>*Asia Yearbook 1989*.

<sup>8</sup>See Jeff Hoffman, "Taiwan Braces for an Export Crisis," *The New York Times*, December 13, 1988.

its citizens to take up to \$5 million out of the country each year. It even placed a limit of United States \$50,000 on what could be brought into Taiwan each year (except in trade transactions) to restrain speculative money.<sup>6</sup>

Taiwan's NT (New Taiwan) dollar has also been revalued upward—35 percent from September, 1985, to October, 1987, and over 40 percent to date. Interest rates were lowered, causing an excess of liquidity, so during 1987 and 1988 most banks did not want additional deposits. The stock market absorbed a considerable amount of "excess" money during the first three quarters of 1987, causing Taiwan's exchange to outperform any exchange in the world—rising 329 percent. Taiwan's market crashed on October 19 in response to developments on Wall Street, but it made a quick recovery, and by the end of the year the market was down only slightly and was almost double what it had been on the first of the year. During 1988, the market continued to rise (some said inflate). By August, the Tai Index stood at 6,000—more than double late October, 1987. Daily transactions approached \$1.5 billion—putting the value of turnover (on less than 200 stocks listed) at more than turnover at any stock exchange in the world except for New York and Tokyo.<sup>7</sup>

In 1987, Taiwan's trade surplus rose 22 percent, to over \$19 billion. Trade with the United States grew even faster: from \$11 billion in 1986 to \$16 billion in 1987 and \$19 billion in 1988. Because Taiwan had a trade surplus four times Japan's on a per capita basis and because an American election was coming, protectionists in the United States took aim at Taiwan. In January, 1987, Taiwan was dropped from the list of countries to which the United States gave trade advantages under GSP (the generalized system of preferences). This affected about \$10 billion of Taiwan's more than \$50 billion in exports to the United States. The United States also continued to pressure Taiwan to revalue its currency and to reduce its tariffs.

In February, 1987, the government cut tariffs on 3,500 items by an average of 50 percent and followed this with further reductions. Duties were reduced so much, so fast, that Taiwan is said to have cut import charges more quickly than any nation in recent history. Its average tariff schedules now compare with those of advanced Western countries.<sup>8</sup> The tariff is only 3.5 percent on average on United States products.

Taipei also acted to redirect its exports to Japan, to West Europe and to Southeast Asia. By the end of 1988, the United States market was absorbing just over 30 percent of Taiwan's exports, compared with nearly 50 percent in 1986. Trade with China increased to \$1.5 billion in 1988. This concerned

some government officials, but others said that since it was less than 2 percent of Taiwan's total trade, Taipei need not fear. Taipei sent more buying missions to the United States and promulgated regulations that discriminated in favor of United States producers. The discrimination presented a problem: Taiwan could not favor United States products over those of other countries if it expected to join GATT (General Agreement on Tariffs and Trade); it wanted to join and most members of GATT also wanted Taiwan to join.<sup>9</sup>

There were questions about environmental damage. In fact, local residents in Taiwan blocked several industrial projects. Many questioned Taiwan's rapid growth. The answer seemed to be that Taiwan should continue to grow, but it should develop in high-tech and nonpolluting fields.

## POLITICAL CHANGE

During the last three years, political change has occurred even more rapidly than economic change. Once referred to as an authoritarian dictatorship, Taiwan is now seen as a rapidly democratizing nation. President Chiang Ching-kuo, the moving force behind political modernization in the 1970's, made crucial decisions during 1986-1987 to put democracy into practice. A capitalist, free market economy and a rising standard of living that produced a consumer economy and a large middle class also made democracy viable.<sup>10</sup>

In March, 1986, the President—known as CCK—formed a 12-member committee to discuss four important questions: terminating martial law, allowing the formation of new political parties, rejuvenating the elected bodies of government (the Legislative Yuan, the Control Yuan and the National Assembly) and strengthening local government. In an interview with the *Washington Post*, President Chiang declared that martial law would end soon and that new political parties would be allowed to form.<sup>11</sup>

Almost immediately, opposition candidates call-

\*Editor's note. Until the KMT gave tacit approval to DPP participation in the December, 1986, elections, the KMT was the only party eligible for elections. Beginning in 1980, however, seats were given to nonparty or independent candidates as part of the political process. This practice continued throughout the decade as Taiwan's political system democratized.

<sup>9</sup>Ibid.

<sup>10</sup>For background on Taiwan's political modernization, see John F. Copper, *A Quiet Revolution: Political Development in the Republic of China* (Lanham, Md.: University Press of America, 1988).

<sup>11</sup>See Daniel Southerland, "Taiwan's President to Propose End to Island's Martial Law," *Washington Post*, October 8, 1986, p. 6.

<sup>12</sup>For details on this election, see John F. Copper, "Taiwan's 1986 National Election: Pushing Democracy Ahead," *Asian Thought and Society*, July, 1987.

ed *tang wai* (meaning outside the party), who had already for all intents and purposes formed a political party, announced that they had established the Democratic Progressive party (DPP) and would compete with the ruling Nationalist party or Kuomintang (KMT) in the December election. Although their action was illegal (or not yet legal), CCK instructed law enforcement officials not to take any action against them. The DPP announced its party leadership, its candidates for the election, and a "party" platform that called for the full implementation of democracy, welfare, an aggressive foreign policy and self-determination for Taiwan.

The Democratic Progressive party performed well at the polls, winning 12 and 11 seats in the Legislative Yuan and the National Assembly respectively—doubling *tang wai* representation.\* Its popular vote was almost 25 percent of the total and several of the top vote-getters were DPP candidates.

The KMT also claimed victory. Its candidates won over 80 percent of the seats contested, and, according to KMT leaders, did so in spite of several handicaps. The ruling party had won victories in recent elections and was due to lose some ground. Its candidates, associated with the government and more restrained, could not attract media attention as easily as DPP candidates. Finally, polls showed that voters favored two-party competition.<sup>12</sup>

Pundits spoke of this election as evidence that a two-party system was evolving in Taiwan. There had never been a two-party election in a Chinese nation before. In addition, Taiwan was one of the few developing countries holding a national two-party competitive election that had not had a colonial experience. (Japan, which ruled Taiwan from 1895 to 1945, had not initiated competitive party politics.) Even Taiwan's critics admitted that the nation had made big strides toward democracy.

But it was not clear that the two-party system would evolve or whether it was desirable. The DPP's membership did not grow. When it was formed, its leaders talked of enrolling 10,000 members within a year. Early in 1987, when launching a membership drive, DPP spokesmen cited a goal of 50,000 members. But, by late 1988, they boasted a membership roll of between 7,000 and 8,000; some said they had only 2,500 members.

At the same time, several new parties appeared. A right-wing party was formed in early 1987, using some of the same publicity-seeking tactics employed by the DPP. This diverted media attention from the DPP and made the KMT look more moderate. Subsequently, the newly founded Labor party joined the fray—led by an erstwhile DPP member of the Legislative Yuan. It showed some promise of winning the labor vote, which the DPP

had tried hard to attract. By mid-1988, 10 new political parties had been formed and several more were on the verge of announcing their existence. Observers began to speak of a one-party dominant multiparty system like Japan's. Fewer spoke of an American-style two-party system.<sup>13</sup>

In the summer of 1987, the Legislative Yuan passed a set of national security laws to replace provisions in Taiwan's martial law legislation, which was to end soon. The DPP called it "old wine in new bottles" and boycotted the session. However, the new laws, modeled after similar legislation in Western democracies, had the support of the public; DPP opposition had little effect.

In July, martial law (or the Emergency Decree, as the government called it) was lifted. This had little immediate impact, although it did encourage opposition politics (including street demonstrations and parades, which were already occurring at an average of two a day) and it required revamping the legal system. It also took the security agencies out of the public limelight and paved the way for fewer restrictions on the press (reporters were not paying much attention to restrictions anyway).<sup>14</sup>

In October, the government dropped the ban on travel by its citizens to the "mainland"—the People's Republic of China. This accompanied reforms that allowed importing of Communist literature, permitted strikes and allowed newspapers to expand.

On January 13, 1988, President Chiang Ching-kuo died and Vice President Lee Teng-hui, a native-born Taiwanese, became President. The succession was a watershed event, marking the transition of political power to the locally born Chinese or Taiwanese. However, rumors soon spread to the effect that top KMT leaders were maneuvering, with the help of Madame Chiang Kai-shek and other members of the "old guard," to prevent President Lee from consolidating power. Specifically, they tried to block him from assuming leadership of the party by instituting a rotating chairmanship. This maneuver failed, however, and Lee was voted acting KMT chairman.<sup>15</sup> At the thirteenth KMT party congress held in late June and early July, President Lee was officially named chairman of the KMT.

Meanwhile, KMT party delegates, many of whom had been elected democratically for the first

<sup>13</sup>See John F. Copper, "The Evolution of Political Parties in Taiwan," *Asian Affairs* (forthcoming).

<sup>14</sup>For details, see John F. Copper, "Ending Martial Law in Taiwan: Implications and Prospects," *Journal of Northeast Asian Studies*, Summer, 1988.

<sup>15</sup>See Carl Goldstein, "President Lee Unlikely to Win Party Leadership," *FEER*, January 28, 1988, p. 24.

<sup>16</sup>"Behind the Winds of Change in Taiwan," *San Francisco Chronicle*, July 27, 1988, p. 1.

time, refused to rubber-stamp the party leadership's list of candidates for the central committee, and proposed their own list. Subsequently, more than 30 candidates were nominated by the party leadership. Several other top leaders, including Prime Minister Yu Kuo-hua and Secretary General Shen Chang-huan, were given low popularity rankings. Democracy, observers noted, had even penetrated the ruling party.<sup>16</sup>

A few days later, party leaders picked a central standing committee (of the central committee). For the first time, the majority of its members were Taiwanese. After the congress, President Lee selected a new Cabinet, also with a Taiwanese majority. Critics (who had long charged that the central standing committee and the Cabinet, the two most important instruments of political power, would always be staffed by "mainland" Chinese who had fled to Taiwan with Chiang Kai-shek) had to think again.

Compromise temporarily resolved one issue. The Legislative Yuan, the National Assembly and the Control Yuan had been comprised largely of delegates either elected when the government was on the mainland or later appointed by the government. These bodies were given a majority of Taiwanese; in return, the opposition lowered its criticism of the elected bodies of government. By attrition, this would allow the elected bodies to become democratic and representative of Taiwan, and would avoid a confrontation. An immediate change would have provoked political instability; it would also imply a two-China policy—a reality, but a reality that President Lee and many others felt would be unwise to flaunt.

By year's end, President Lee seemed to have consolidated power successfully and was apparently a strong leader. A reformist, he was able to deal with the opposition, but he was also a strong advocate of law and order.

## DEFENSE AND FOREIGN POLICY

In 1986, after two decades of diplomatic setbacks including expulsion from the United Nations in 1971 and the loss of diplomatic relations with a host of countries (including the United States in 1979) Taiwan began to adopt a more positive and confident foreign policy. Taiwan decided that it would

(Continued on page 198)

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*"...it is doubtful that the regime [of General Secretary Nguyen Van Linh] will soon abandon the concept of the 'special relationship' with Laos and Cambodia and the alliance with Moscow. To the Vietnamese, the world is much too dangerous to risk offending the Soviet Union."*

## Vietnam: The Challenge of Reform

BY WILLIAM J. DUIKER

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**I**N December, 1986, at the sixth national congress of the Vietnamese Communist party (VCP), the Vietnamese Communist regime embarked on a major program to renovate the national economy and bring a new spirit of openness and unity to Vietnamese society.\*

With its dual emphasis on renovation and openness, the new program reflected the reforms recently undertaken by the Soviet Union's reformist leadership under Soviet President Mikhail Gorbachev. The words used by Vietnamese officials to describe Hanoi's new policies—*doi moi* and *cong khai*—are rough equivalents of the terms *perestroika* and *glasnost*. Some foreign observers surmised that the new Vietnamese program was patterned after the Gorbachev model, but Vietnamese sources insisted that the new strategy had emerged from local conditions.<sup>1</sup>

Hanoi's insistence that the new program does not bear a "made in Moscow" label is not surprising. To the Vietnamese, the assumption that Hanoi must dance to Moscow's tune is particularly galling. Clearly, Vietnam (formally known as the Socialist Republic of Vietnam, or SRV) had its own reasons for seeking a comprehensive reform of its economy and society. More than ten years after the end of the Vietnam War (1975), Vietnam remained one of the poorest countries in Asia. Doctrinaire policies adopted by the veteran party leadership under General Secretary Le Duan, combined with heavy defense expenditures connected with the occupation of neighboring Cambodia, led the Vietnamese economy into almost constant crisis. Corruption in the party and the bureaucracy had reached epidemic levels, and there were signs that the nation's veteran leaders

had lost the confidence of the people.

The choice of Nguyen Van Linh as the new General Secretary at the sixth congress was greeted by many Vietnamese with cautious optimism. Although Linh was a member of the veteran generation that had led Communist forces to victory in 1975, in the years immediately after the war he had earned the reputation as the leading reformist willing to break with Leninist orthodoxy in order to seek a revitalization of the economy. He had been criticized by doctrinaire elements for his unorthodox views and was briefly dropped from the Politburo in 1982. His election as General Secretary and the retirement of several veterans from the party leadership signaled Vietnamese and foreign observers that the regime recognized the need for urgent efforts to stimulate economic growth and restore the promise of the revolution.<sup>2</sup>

The most crucial immediate challenge facing the new leadership was economic; it was necessary to restructure the economic system and stimulate the productive efforts of the Vietnamese people. Shortly after the Vietnam War ended, Vietnam had adopted plans calling for rapid industrialization and the integration of the capitalist south into the socialist system already established in the north. These plans had failed; thus, during the early 1980's, the regime hammered out a compromise strategy permitting a modest restoration of profits and incentives, and trying to complete the socialist transformation in the south before the end of the decade. In 1985, the regime went a step further, calling for a shift from the Leninist system of central planning to a system based on "socialist accounting."

State enterprises were expected to operate on a basis of self-sufficiency and profitability rather than carrying out orders from Hanoi. Such efforts had little immediate effect. Hampered by restrictions imposed by conservative forces in the party and the bureaucracy, the economy showed few signs of rejuvenation. The situation was especially perilous in agriculture. During the early 1980's, food production stimulated by the adoption of the so-called "contract system" (according to which collective

\*The author wishes to acknowledge the Institute of Southeast Asian Studies in Singapore for their permission to use passages from the author's contribution to the 1989 edition of *Southeast Asian Affairs* in the preparation of this article.

<sup>1</sup>In a recent interview with foreign journalists Nguyen Van Linh did admit that the new policies in Moscow served as an encouragement to reformists in Vietnam.

<sup>2</sup>For a brief biography of Nguyen Van Linh, see *The New York Times*, December 19, 1986.

land was leased to peasant families for their own use on payment of an annual quota of grain to the state) had risen significantly, leading officials to predict that the nation was nearing self-sufficiency in food. At mid-decade, however, food production leveled off, arousing concern once again that the regime would be unable to feed its population, still growing at a rate of more than two percent a year.

In the two years since the sixth congress, the new leadership has moved rapidly to remove the bureaucratic shackles from the lagging economy and to stimulate economic growth. It has tried to eliminate checkpoints established at administrative boundaries to tax the movement of goods throughout the country, a system that had hindered trade while providing the opportunity for official bribery and corruption. The regime also tried to abolish state subsidies in key consumer goods. A subsidy had been initially adopted to assist salaried workers and officials in times of rising prices, but it became a serious drain on the government budget and a distorting influence on the national economy. In December, 1987, the regime adopted a new foreign investment code in the hope of attracting foreign capital. The new code, which replaced an earlier version that had been in force since 1977, was described by specialists as one of the most liberal in Southeast Asia; it allowed foreign investors to operate in Vietnam through a wide variety of arrangements, including the creation of joint enterprises and foreign-owned corporations.<sup>3</sup>

Such efforts had only modest success. According to official figures, in 1987 industrial production grew at an annual rate of only 6.7 percent, down from 7.3 percent the previous year and significantly below growth rates achieved earlier in the decade. In the meantime, the inflation rate has been climbing steadily. During the first few months of 1988, the prices of many basic commodities, already rising at an annual rate of several

<sup>3</sup>An English translation of the new code was published in the *Vietnam Courier*, March, 1988, p. 9.

<sup>4</sup>For a recent analysis of Vietnamese energy policy and prospects, see *Far Eastern Economic Review* (hereafter FEER), September 15, 1988, p. 80.

<sup>5</sup>The text of Politburo Resolution No. 16-NQ/TU was published in Foreign Broadcast Information Service: *Daily Report, Asia and the Pacific* (hereafter cited as FBIS), July 2, 1988.

<sup>6</sup>As always, the nation's agricultural difficulties could be ascribed in part to bad weather. But regime spokesmen conceded that official policies had contributed to the problem. Vice Premier Vo Van Kiet made a scathing summary of official shortcomings at the National Assembly in December, 1987. For his speech, see the *Vietnam Courier*, March, 1988, p. 5.

<sup>7</sup>*Vietnam Courier*, March, 1988, p. 20.

<sup>8</sup>The text of the Politburo Resolution No. 10-NQ/TU, dated April 5, is reprinted in FBIS, May 6, 1988. For an analysis, see FEER, April 28, 1988, p. 76.

hundred percent, nearly doubled after the regime issued a series of banknotes in high denominations.

There have been a few promising signs. During the first half of 1988, the regime announced that it had signed contracts with a number of foreign oil firms to expand exploratory efforts to locate oil reserves in the South China Sea. Hanoi sources announced confidently that Vietnam hoped to achieve energy self-sufficiency sometime during the 1990's. The regime is making an intensive effort to attract foreign capital and, early in 1988, Harvard-trained economist Nguyen Xuan Oanh, a one-time Prime Minister of the Saigon regime, was sent to Western capitals to explore investment opportunities.<sup>4</sup>

During 1988, the regime also announced decisions to remove the dead hand of bureaucracy from the economy. In July, the Politburo adopted Resolution No. 16-NQ/TU to provide further encouragement to private and collective enterprises. A few weeks later, the Politburo reportedly gave party leaders in the southern provinces a great deal of latitude to adopt policies conducive to rapid economic growth, in marked contrast to efforts to discourage such activities during the early 1980's.<sup>5</sup>

The sense of urgency is even greater in agriculture. According to official figures, in 1987 food production was only 17.6 million tons, a drop of 800,000 tons from the previous year and well below the projected target. During the early months of 1988, there were persistent reports that the nation might suffer widespread hunger. This fear was apparently confirmed in April when a senior agricultural official appealed to foreign countries for food assistance, warning that otherwise the Vietnamese might face starvation.<sup>6</sup>

Faced with the possibility of famine, the regime moved rapidly. In March, the Council of Ministers issued new regulations, authorizing individual farmers to negotiate contracts with state or collective enterprises to provide food. Farmers were promised ownership rights to their land; local authorities were instructed not to interfere with the lawful private economic activities of the peasants and were informed that private activities would be permitted for an indefinite period.<sup>7</sup>

In May, the Politburo issued new regulations that applied "socialist cost accounting" to co-operative organizations in the countryside and called for greater attention to regional specialization in productive enterprises. In the northern provinces, where collectives had been in operation since the late 1950's, the size of many collective organizations was to be reduced, while in the south some collectives would be scaled down to work exchange teams (the lowest form of socialist organization) or replaced by private farming.<sup>8</sup>

Whether such measures will have a salutary effect on the nation's beleaguered farmers remains to be seen. In recent months, reports have suggested that the food shortage has eased, and there are indications that the government anticipates a fairly good harvest in 1989, with total food production somewhat higher than in 1988. Still, there is little indication that the underlying causes of the agricultural crisis, like the lack of mechanization, fertilizers and pesticides, and incentives, have been adequately addressed by the party leadership. Until these problems are solved, agriculture will continue to be the "weak link" of the economy.

### **GLASNOST, HANOI STYLE**

In Vietnam, as in the Soviet Union, a major objective of the reform program has been to create a new openness throughout society and to reduce the interference of the party in virtually all aspects of Vietnamese life. Shortly after the sixth party congress, Nguyen Van Linh launched a campaign to introduce glasnost to Vietnamese society. In the party newspaper *Nhan Dan*, he called on the people to take their leaders to task for their shortcomings. At a meeting of writers and artists in Hanoi in October, 1987, he admitted that the regime had been undemocratic and high-handed in its treatment of intellectuals, and he encouraged writers not to "bend their pens to please the people" but to have the courage to criticize those in power, even at the risk of persecution.<sup>9</sup>

Nguyen Van Linh's comments were welcomed by many intellectuals who had suffered through years of official repression. Spurred by growing public discontent, many intellectuals and writers had already begun to speak out, evincing a new spirit of criticism and alienation in Vietnamese novels, short stories and films.

There were other signs that the regime was trying to improve its image. In the fall of 1987, official sources announced that most remaining prisoners would be released from the infamous reeducation camps. While the decision was probably motivated

<sup>9</sup>Nguyen Van Linh's speech to the Association of Writers and Artists was printed in the *Vietnam Courier*, January, 1988, pp. 11-13. For a reference to the speech in the Western press, see *The New York Times*, October 27, 1987.

<sup>10</sup>FEER, August 4, 1988, p. 20. For a reference to the decision to release prisoners from reeducation camps, see *The New York Times*, January 31, 1988.

<sup>11</sup>One of those convicted for the "dissemination of propaganda against the socialist regime" was the well-known novelist Doan Quoc Sy. See *The New York Times*, July 5, 1988.

<sup>12</sup>See, for example, the actions taken at the fifth plenum in June, 1988. FBIS, June 21, 1988.

<sup>13</sup>For reports on the trade union congress, see FBIS, October 17-24, 1988. The Fatherland Front Congress was reported in *ibid.*, November 4-9, 1988.

<sup>14</sup>Nguyen Van Linh's speech at the plenum is reprinted in FBIS, June 24, 1988.

in part by the desire to seek better relations with the United States, it was nonetheless a clear indication that the regime was prepared to take risks in order to spur economic modernization and improve the domestic political climate. The regime has reportedly also adopted a more conciliatory attitude toward Roman Catholics and has eased restrictions on Chinese residents to win their support in the effort to promote economic growth.<sup>10</sup>

Still, Vietnamese citizens had reason to be cautious; the régime continued to crack down on dissidents. In July, 1988, five writers were sentenced to extended prison terms after a highly publicized trial in Ho Chi Minh City. The case had no direct connection with current attitudes, because the five individuals on trial had originally been arrested in 1984. Yet some observers saw the convictions as a warning to intellectuals not to go too far, and as a demonstration of the residual influence of party conservatives. In any case, the trial was sure to make intellectuals wonder about the limits of free expression.<sup>11</sup>

The new leadership has tried to lessen the role of the party in order to encourage a greater role for government and popular organizations. In 1987, elections for the National Assembly were conducted in a freer atmosphere than they had been in the past, and the number of candidates nominated rose sharply.<sup>12</sup>

The regime is also trying to strengthen the role of nongovernment social organizations that were originally created as links among the masses, the party and the state apparatus. In the fall of 1988, national congresses of the Vietnamese Confederation of Trade Unions and the Vietnam Fatherland Front convened in Hanoi. Party leaders emphasized the need to democratize both institutions to enable them to play a more effective role in transmitting the aspirations of the Vietnamese people to the leadership while mobilizing mass support for regime policies.<sup>13</sup>

Whether these efforts will redefine the role of the party in Vietnamese society remains to be seen. At the fifth plenum, Nguyen Van Linh conceded that serious weaknesses in the party's behavior continued, undermining popular confidence in the party's ability to lead the nation. Yet his suggestions remained in the Leninist tradition: the party must concentrate on its primary role, leading Vietnamese society, and must return to the spirit of democratic centralism.<sup>14</sup>

### **RENOVATION AND ITS CRITICS**

As is the case in the Soviet Union, the reformist program in Vietnam has achieved only modest success. One reason, in both countries, is the residual influence of conservative forces opposed to

rapid change. That influence was initially demonstrated at the sixth congress in December, 1986, when the three veteran members who had been dropped from the Politburo—Truong Chinh, Pham Van Dong and Le Duc Tho—were retained in an advisory capacity to assist the party in matters of importance. Truong Chinh and Pham Van Dong kept their positions as Chief of State and Prime Minister, respectively, until the summer of 1987, when they were replaced by two other veteran party members, Vo Chi Cong and Pham Hung. The views of the new appointees toward the reformist strategy were not made public; but most observers believed that resistance to Nguyen Van Linh's policies continued, at the highest levels of the party. Linh himself conceded (in interviews with foreign reporters) that the party leadership was divided into three factions—reformists, moderates, and conservatives. The reformists, he insisted, were rising in influence.<sup>15</sup>

For a time, it appeared that Linh's confidence was justified; when Prime Minister Pham Hung died in March, 1988, his interim replacement was Vo Van Kiet, a key member of the reformist faction. But at the next meeting of the National Assembly, in June, Kiet was passed over in favor of Do Muoi, a veteran party member with a reputation for orthodoxy. Although the Prime Minister publicly supported the reformist strategy, many observers interpreted his election as an indication of the continuing strength of conservative forces in Hanoi.<sup>16</sup>

For the time being, then, the continuing struggle between the ideological and pragmatic elements in Hanoi has apparently not been resolved. Nguyen Van Linh's program of renovation remains essentially intact, but ambivalence about the program has suggested that many party leaders fear that the modernization program is too similar to reforms that have been adopted by the Deng Xiaoping leadership in China. Party leaders continue to be suspicious of hostile forces and are hesitant to follow the lead of Gorbachev in Moscow, much less the pattern set by China's de facto leader Deng Xiaoping and General Secretary Zhao Ziyang in Beijing. Yet the essential question remains: can Vietnam solve its intimidating problems without a comprehensive overhaul of the Leninist model?

## FOREIGN AFFAIRS

Hanoi's efforts to modernize its faltering economy are likely to fail, of course, unless the regime can end the festering dispute in Cambodia.

<sup>15</sup>See *Indochina Chronology*, February, 1988, p. 4.

<sup>16</sup>There was unpreceded competition between supporters of Do Muoi and Vo Van Kiet in the National Assembly. Do Muoi received 296 out of a total of 496 votes cast.

The continued presence of Vietnamese troops in Cambodia (the People's Republic of Kampuchea) in an effort to protect Vietnam's Cambodian ally against the resistance forces supported by China and the states of ASEAN (the Association of Southeast Asian Nations) has led to a steady drain on Hanoi's resources and an economic boycott on the part of most nations in the West.

Until after the sixth party congress in December, 1986, there were few signs of a possible settlement; both sides held essentially to the hard-line positions they had adopted shortly after the Vietnamese invasion of Cambodia in late December, 1978. China and the ASEAN states insisted on the total withdrawal of Vietnamese occupation forces and a negotiated agreement leading to the creation of a neutralist and nonaligned state based on a Western model. Hanoi was willing to withdraw its troops, but only under a guarantee that its main rival, the Communist Khmer Rouge led by Pol Pot, would not use the opportunity to return to power in Phnom Penh. Hanoi also refused to hold talks directly with representatives of the exiled Coalition Government of Democratic Kampuchea (CGDK), contending that the dispute was an internal matter to be resolved by the Cambodians themselves.

In the summer of 1987, however, there were signs of movement. Vietnamese Foreign Minister Nguyen Co Thach agreed to take part in informal talks on the Cambodian dispute at a site near Jakarta. Thach agreed to take part only in the "second stage" of such talks (following a "first stage" involving representatives of all the Cambodian factions), but the limited agreement still represented the first time that the Hanoi regime had agreed to play a direct role in a conference to resolve the dispute. In the meantime, Norodom Sihanouk, chief of state of the coalition government and leader of one of the three rival Cambodian factions, agreed to meet privately with Cambodian Prime Minister Hun Sen to try to find a way out of the impasse. Sihanouk had become restive at the lack of progress in resolving the issue and was increasingly critical of the Khmer Rouge who, he charged, were attempting to weaken their allies in the coalition in an effort to dominate the alliance.

Sihanouk and Hun Sen held their first meeting in December, 1987, at Fère-en-Tardenois, not far from Paris. The talks did not result in a firm agree-

(Continued on page 193)

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*"It is imperative, not just important, for United States decisionmakers to realize that the demand to end the Philippine-American 'special relationship' is growing stronger and is not confined to left-leaning groups."*

## Democracy in the Philippines

BY BELINDA A. AQUINO

*Associate Professor of Political Science, University of Hawaii at Manoa*

**P**HILIPPINE President Corazon Aquino is halfway into her six-year term. Her late husband, Benigno Aquino, predicted that anybody who succeeded President Ferdinand Marcos would be ousted in six months. Thus Aquino's ability to survive is remarkable. But she has not had an easy transition, and while her administration has achieved a measure of political stability, it continues to be plagued by Communist and Muslim insurgencies, creeping militarism, human rights violations, social unrest, general poverty, government corruption and the Marcos factor. Two other major problems—land reform and the foreign debt—pose considerable difficulties for the Aquino government. And when Aquino begins winding down her term in the early 1990's, she will face the contentious issue of continuing the United States military bases on Philippine soil.

Since the stunning overthrow of Marcos in the 1986 "people power revolution" at Epifanio de los Santos Avenue (ESDA), Aquino's greatest achievements have been in the area of redemocratization, particularly restoring the basic freedoms and civil liberties of Filipinos. She immediately embarked on a course of political liberalization, abolishing the repressive decrees of Marcos and his rubber-stamp legislature, cleaning out the judiciary, releasing political prisoners and naming a commission that would draft a new constitution to be ratified in a nationwide plebiscite. Most of all, as the moral symbol of the revolution, Aquino generally restored the people's faith in the incoming government. And before her first year was out, Aquino had made significant trips to Singapore, Indonesia and Japan to try to establish closer links with her country's neighbors in Asia.

Her first year in office was stormy, but she overcame a military attempt to unseat her in a plan code-named "God Save the Queen," in November, 1986. She had hastily put together a multiclass coalition that included Juan Ponce Enrile, an ex-

Marcos defense minister who had played a central role in the ESDA revolution. As in all political honeymoons, however, the coalition had begun to falter as Enrile became increasingly strident and critical of Aquino's policy initiatives. Aquino deftly maneuvered to have Enrile ousted from the Cabinet when it became evident that he was involved in the coup, "God Save the Queen." The attempt was masterminded by Colonel Gregorio "Gringo" Honasan, Enrile's chief security aide and close ally, who had earlier organized the Reform the Armed Forces (RAM) movement. It would have strained credulity to assume Enrile had nothing to do with the plot to make Aquino a figurehead, somewhat like a ceremonial queen.

If 1986 was a difficult year, 1987 was even more difficult, because it was Aquino's first real test of political survival. It opened with another military attempt to destabilize her government, as more than 500 military officers and enlisted men took over Channel 7 in Quezon City and struck Villamor Air Base and Sangley Air Station outside Manila. It was believed that this effort was supported by Marcos, operating from his exile in Honolulu.<sup>1</sup> The deposed dictator had kept in close touch with his loyalists in the Philippine military. In fact, Marcos had planned to leave Hawaii the day the coup was taking place in Manila, but the Philippine consul in Honolulu, Tomas Gomez 3d, foiled the escape plan.<sup>2</sup> That incident is now the object of a grand jury investigation in Honolulu.

But it was the coup attempt led by Honasan on August 28, 1987, that shook the very foundations of the fledgling Aquino government. It came at a time when the government had become somewhat stable and ready to function. The new constitution had been ratified overwhelmingly the previous February. The Congress, moribund for nearly 14 years, had been reestablished, with a national election for 24 Senators and close to 200 Representatives. The congressional leadership in both the House and the Senate had been chosen. The general public had not shown any real support or enthusiasm for the military "misadventurism" of Honasan and company. But it had happened, and

<sup>1</sup>See Walter Wight, "Marcos again Warned by U.S. Not to Try to Leave Country," *Honolulu Advertiser*, July 8, 1987, p. 1.

<sup>2</sup>Interview with Tomas Gomez 3d, Philippine Consulate General, Honolulu, July 4, 1987.

a shaken President Aquino, whose son had been seriously injured in the abortive coup, promised the plotters punishment under the fullest measure of the law. In the end, loyal forces under Chief of Staff Fidel Ramos aborted the coup that had killed 53 people and wounded several others.

Although the August coup failed, the military continued to be a serious force in the country's political system. The military had acquired a taste for power during the Marcos regime, when it was the main pillar of the dictatorship. Under a re-democratized system, it was not easy to send the military back to the barracks at the beck and call of civilian authority. The genie would not go back in the bottle. The legacy of the Marcos years had become a specter to the successor regime; witness the political assassinations that marked 1987 and 1988. The politicization of the military under Marcos is apparently directly correlated with the politically motivated killings of elements associated with left-of-center groups.

## HUMAN RIGHTS VIOLATIONS

Despite the government's attempts to reverse the pattern of human rights violations of the previous regime, there has been a reemergence of mysterious killings of politically oriented Filipinos, killings that are often attributed to government or government-backed forces. The Philippine military argues that there are also killings perpetrated by the New People's Army (NPA). Although this argument has some validity, it is a separate issue and should not be used as a rationalization for the human rights excesses of some elements in the government's military establishment.

Amnesty International (AI) commissioned three missions—in May and December, 1986, and in July, 1987—to assess the human rights situation in the Philippines. The missions collected information, including notarized affidavits, court documents and press and media reports. They also interviewed government officials, human rights advocates, and the victims of human rights abuses. During the Marcos regime, AI sent missions to the Philippines in 1975 and 1981. Both missions found that the Marcos regime had a brazen and brutal human rights record. A similar finding was filed by another mission from the International Commission of Jurists in 1977.

Because denial of human rights was one of the basic issues charged against Marcos, Aquino placed it high on her agenda when she assumed

power. The new constitution had several provisions ensuring the protection of human rights and curtailing military arbitrariness. One of Aquino's early executive orders created a Presidential Commission on Human Rights (PCHR), which was initially headed by the late Senator and human rights activist José Diokno.

The two AI missions in 1986 upheld the Aquino government's commitment to human rights and found little evidence of the systematic abuses that had marked the previous regime. The missions found almost no "incommunicado" detentions, which had been prevalent under martial law. There were few "extrajudicial executions" ("salvaging" was the term used in the Marcos regime), but one murder—that of *Kilusang Mayo Uno* (May First Movement, or KMU) leader Rolando Olalia—was linked to the military.

The third mission found another picture. As AI puts it:

By the time of Amnesty International's third mission in July, 1987, there had been a sharp escalation in political violence, and the government appeared increasingly unwilling or unable to persuade its security forces to respect the safeguards it had promoted so vigorously a year earlier, particularly when the members of the military and police were targets of the NPA assassination squads.<sup>3</sup>

A pattern of widespread human rights violations had developed by 1987. Well-known activist Leandro Alejandro of the left-wing *Bagong Alyansang Makabayan* (New Nationalist Alliance, or BAYAN) had been murdered that year. The suspicion again fell on the military. And in June, leading figures of another left-wing political party, the *Partido ng Bayan* (People's party), like former NPA head Bernabe Buscayno, better known as Kumander Dante, were ambushed in a blast of gunfire from men riding on motorcycles. Dante survived but two in his party, including University of the Philippines political science instructor Dan Sibal, were killed.

Several other killings were reported during 1987 and 1988. Human rights lawyers, journalists and captured NPA rebels were either murdered, harassed or assaulted by military or paramilitary forces. The situation had become so alarming by mid-1988 that, for the first time since the EDSA revolution, the Catholic Church called on the Aquino government to respect human rights and asked the military to stop plotting coups. The country's 100 Roman Catholic bishops made their appeal in a pastoral letter read in Manila churches. They admonished the government and the military to "remember that peace and order cannot be achieved if respect for the law and human rights are ignored."<sup>4</sup> Then, addressing the rebels "from

<sup>3</sup>Amnesty International, *Philippines: Unlawful Killings by Military and Paramilitary Forces* (New York: Amnesty International USA, March, 1988), p. 3.

<sup>4</sup>Reuters, "Bishops Urge Cory to Respect Human Rights," *The Manila Chronicle*, August 8, 1988, p. 1.

the left and right," the bishops warned that the "killing of the Filipinos and grabbing power are not ways of democracy."<sup>5</sup>

Why the escalation in human rights abuses? In a sense, many military officers believe that the Aquino government has been soft on Communists and that it has offered amnesty to NPA rebels while calling for the prosecution of military and paramilitary personnel accused of abuses. The hard-liners in the military establishment have always opposed Aquino's peace initiatives toward the left. They objected to her release of political prisoners, especially José Maria Sison, founder of the Communist party of the Philippines (CCP), and Kumander Dante. Similarly, they denounced the cease-fire negotiations with leaders of the National Democratic Front (NDF), which began in December, 1986. The negotiations collapsed anyway in February of the following year. The talks gave the general public an idea of the goals of the NDF and its constituencies, notably the CCP and NPA. But the military charged the media with glamorizing the Communists. Some military brass admitted that they were losing the "propaganda war."

Another reason for human rights abuse is the military's perception that preoccupation with human rights impedes the government's counterinsurgency program. Military leaders see human rights and a counterinsurgency program as "mutually exclusive." This attitude was exemplified by the then spokesperson of the military, Colonel (now Brigadier General) Honesto Isleta, who asked for emergency powers for the military in its drive against the insurgents.<sup>6</sup>

## RISE OF VIGILANTE GROUPS

Part of the government's counterinsurgency effort is the encouragement of civilian "self-defense units," which have become more popularly known as "vigilantes." It is estimated that there are close to 200 such groups around the country, particularly in the Visayas and Mindanao. Most are staunchly anti-Communist.<sup>7</sup>

The ostensible reason for the proliferation of

<sup>5</sup>Ibid.

<sup>6</sup>Isleta was interviewed by the BBC on March 2, 1987. Cited in Amnesty International, op. cit., p. 15.

<sup>7</sup>For a listing of known vigilante groups all over the country, see "List of Vigilante Groups," *The Manila Chronicle*, May 15, 1987.

<sup>8</sup>See also "Right-Wing Vigilantes in Labor Repression in the Philippines" (Metro Manila: KMU International Department, October, 1987), p. 3.

<sup>9</sup>See Sheila Coronel, "Singlaub Setting Stage for His Own Secret War," *The Manila Chronicle*, February 20, 1987, p. 1.

<sup>10</sup>Ibid.

<sup>11</sup>See "Disappearances: A Reported Phenomenon," *Philippine Daily Inquirer*, November 19, 1988, p. 4.

these vigilante organizations is to counter the activities of the NPA, especially the collection of "revolutionary taxes" and harassment or killing of local officials or suspected government informers. The *Alsa Masa* is credited with wiping out the NPA in Davao City. The commander of the Philippine Constabulary assigned there virtually directed the *Alsa Masa* operations, which included nonstop commentaries against the NPA and its supporters over the local radio station.<sup>8</sup>

While the connection cannot be fully established, it is interesting to note that the rise in vigilantism in late 1986 and early 1987 coincided with the presence in the country of right-wing figures and avowed anti-Communists in the United States like General (ret.) John K. Singlaub, whose support for the Nicaraguan contras and El Salvador "death squads" was well known.<sup>9</sup> Singlaub's "cover" was the Nippon Star, a registered company that he set up in Makati to hunt for the "Yamashita treasure" that the Japanese were reported to have buried in the Philippines. In reality, according to a National Security official in Manila, Singlaub was "setting up a well-organized anti-Communist movement with front organizations which can be used for all sorts of purposes."<sup>10</sup>

At the same time, religious fundamentalist groups were mushrooming in many parts of the country, representing the various sects in the United States - the Campus Crusade for Christ, the 700 Club, Assemblies of God, World Vision International, and the Billy Graham Evangelistic Association. A combination of political and religious right-wing activity has apparently fomented a "Red Scare" in the Philippines, similar to the scare that has developed in some Latin American countries. It is not unreasonable to assume that the right-wing organizations have been instrumental in forming or encouraging some of the vigilante groups that have burgeoned in recent years. In turn, the NPA has unleashed its liquidation agents, called "Sparrows," to assassinate abusive law enforcement and other public officials. The Alex Boncayao Brigade is believed to be responsible for several of the killings that have occurred in Metro Manila in the last three years.

## AQUINO'S BURDEN

The Aquino government has acknowledged that human rights violations exist. Adding to the violence is a pattern of disappearances, including 82 that were reported in the first six months of 1988 alone.<sup>11</sup> The Task Force Detainees of the Philippines (TFDP), the church-based organization that has documented the disappearances, claims that the government should be held morally responsible

because the military has once again resorted to the repressive practices of the Marcos regime. The TFDP has also engaged in a systematic campaign to link activist groups like BAYAN, KMU, GABRIELA (a coalition of radical women's groups), and other left-of-center organizations to the underground Communist party. It has charged that Congress has been infiltrated by "Communist cadres," a charge that Senate President Jovito Salonga and Speaker Ramon Mitra have vigorously denied.<sup>12</sup>

Unfortunately, the military is unwilling or unable, or both, to make distinctions about "communism." The military treats all "Communists" alike, and attacks the members of the "legal left," who are not necessarily calling for armed struggle and are willing to participate in the "democratic space" restored by Aquino. It is obvious that the military needs a drastic reexamination of its simplistic approach to the insurgency and to leftist politics in society. Otherwise the political polarization will be exacerbated.

It is disappointing that the government has not convicted a single human rights violator worthy of note. In this connection, even the most celebrated case—the murder of Benigno Aquino—remains unsolved more than five years after his assassination. If this is the fate of the most blatant murder under Marcos, what can we expect of less well-known cases? Because of the vulnerability of the judicial system to the manipulation of powerful elements, the current leadership apparently lacks conviction in implementing the human rights mandates that the President has enunciated. It is also ironic that the most notorious human rights violator in the Marcos era, Colonel Rolando Abadilla, has been cleared of charges by a military court and returned to government service. The government needs firmer policy enforcement.

Meanwhile, the CPP-NPA-led insurgency continues to bedevil and befuddle the government. However, it is difficult to secure a clear picture of the real strength of the Communist threat. The most often cited figure is 23,000 Communists, sometimes 24,000. The NPA is said to control 20 percent of the country's 40,000 *barangays* (village units). But these might be exaggerated figures designed to justify a heavy-handed approach by the government's defense establishment and to give

weight to requests for more sophisticated equipment for the counterinsurgency.

The NDF itself, according to an experienced journalist, has confirmed that the actual number of Communist armed regulars is 12,500, or half the figure the military has claimed.<sup>13</sup> Former Nueva Ecija officer-in-charge Emmanuel Santos offers an even lower estimate: 7,500.<sup>14</sup>

Because many of the top NPA leaders have been captured, the strength of the movement should be reevaluated. Internal dissension may have weakened the party. It is well known that, as in every struggle, the party has differing factions advocating hard-line or moderate views. Among the more contentious issues being debated by the left wing are the continuing validity of armed revolution and how to deal with the Aquino government—a liberal democracy obviously backed by the United States. Ultimately, the issue will be how long the party's strategy of "protracted war" can last.

Along these lines, it is instructive to cite the CPP situation in Negros Occidental, a hotbed of social unrest. Nemesio Dimafles, a senior member of the party's regional leadership, resigned after devoting 18 years of his life to the cause. He questioned the party's "protracted war" strategy, its policies on "revolutionary taxation," and the role of the New People's Army.<sup>15</sup> His resignation was followed by the defection of 25 others.

Still, the armed left is one of the more serious problems of the Aquino regime. As Walden Bello puts it, the left's most effective weapon is not arms but a political message. "The appeal of the NPA comes mainly from its program of thoroughgoing land reform and its commitment to ending the dominant United States military and economic presence."<sup>16</sup> To undercut the left's political attraction, the government would have to embark on a genuine program of land reform that could lead toward a more equitable distribution of power and wealth. Congress has passed a law incorporating Aquino's Comprehensive Agrarian Reform Program (CARP), which is designed to benefit 2 million farmers. But its meaningful implementation is another matter. About \$16.6 million is needed to implement the law. Finally, the government must make a dent in the conditions of poverty and inequality that stalk about 70 percent of the

(Continued on page 190)

<sup>12</sup>Rod L. Villa Jr., "Congress Leaders Hit 'Witchhunt,'" *Manila Bulletin*, January 6, 1989, p. 1.

<sup>13</sup>Arlene Babst-Vokey, "'Guesstimating' NPA Strength," *The Manila Chronicle*, August 12, 1988, p. 4.

<sup>14</sup>Ibid.

<sup>15</sup>Sheila Coronel, "Is Government an Ally or Enemy of Revolution?" *The Manila Chronicle*, December 10, 1988, p. 1.

<sup>16</sup>Walden Bello, "U.S. - Philippine Relations in the Aquino Era," *World Policy Journal*, Fall, 1988, p. 694.

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*"Burma's choices for the future are multiple, but they are circumscribed. The government began to deal with the present crisis with a loosening of central control, and ended with a degree of repression hitherto unknown in modern Burma. ... One can only hope that Burma's leaders will recognize the need for political reform."*

## Crisis in Burma

BY DAVID I. STEINBERG

*Author, Burma: A Socialist Nation of Southeast Asia*

**O**n September 18, 1988, General Saw Maung, commander of the Burmese army, led a brutal coup, suppressing mass demonstrations against the tottering regime of the Burma Socialist Program party (BSPP). Demonstrations had erupted in every major urban center in Burma. The military action ended six months of popular and institutional upheaval. It was not, however, a coup against the state; it was instead designed to shore it up, a last-ditch attempt by an economically and politically bankrupt government to save itself from extinction at the hands of a disillusioned urban populace.

The military, which had come to power in 1962 through another coup, had once again publicly reasserted its control, but its surreptitious grip had always been evident in the intervening years. And although the grim figure of General Ne Win, (President, former military commander, chairman of the only legal political party, and éminence grise) remained in ostentatious retirement, he was apparently still in command.

If the coup date was symbolic in that it signaled the tightening of the political vise, the economic vise (much stronger and older and slowly strangling Burma) had been evident to the outside world since December 11, 1987. At that time, the United Nations (UN) General Assembly voted to give Burma "least developed nation" status, thus placing it on an economic level with Chad, Ethiopia and Nepal and enabling it to receive more concessional assistance. Significantly, the UN action was not reported in the heavily censored Burmese press until the end of March, 1988, and then only tangentially.<sup>1</sup> It was humiliating that the potentially richest nation on the Southeast Asian mainland—one of the few countries that had been an exporter of both energy (oil) and food (rice), where literacy was both extensive and cherished—should be reduced to such straits.

<sup>1</sup>For a discussion, see David I. Steinberg, "Neither Silver Nor Gold: The Fortieth Anniversary of the Burmese Economy," in Josef Silverstein, ed., *Independent Burma at Forty Years: An Assessment* (Ithaca: Cornell University Press, forthcoming).

The crisis facing Burma was, however, neither wholly political nor merely economic. It was, in fact, both cumulative and complex. It was the result of poor policies: mismanagement; arbitrary, capricious and authoritarian rule; insensitivity to internal needs; violence; political arrogance; and deceit. Burma was screened from external scrutiny and internally controlled; the crisis was slow to appear, and was perceived from the outside even more slowly. But its roots go back to the advent of military power in Burma, to traditional economic policies and problems, and to Burmese insecurity in a world viewed as politically and economically hostile.

Burma's official public recognition that its economy was in disarray came in August, 1987, when Chairman Ne Win unexpectedly announced that economic changes were needed. He solicited suggestions on economic and political (including constitutional) reform before the next regular Burma Socialist Program party meeting scheduled for the summer of 1989. Although he had retired from his post as President in 1981, he held power through his position as chairman of the BSPP (he was also its founder), as well as through the unique role he has played since 1949 as head of Burma's armed forces.

On September 1, 1987, in a surprise announcement, Ne Win liberalized the grain trade in Burma, allowing farmers to sell rice and other staple grains on the open market at uncontrolled prices; formerly prices had been rigidly controlled by a state that also monopolized most trading in these grains. This important economic liberalization decree was hailed as a major step in economic reform, because it affected the essentially agrarian society as no other single measure could. Land taxes were thereafter to be paid in rice, not cash. These measures (which had been approved by the Cabinet but not announced some months earlier) were followed in February, 1988, by a decree allowing private traders to export rice, another major reform measure.

Further economic measures were expected; if

the reforms were to work, concomitant changes (like those connected with the outmoded foreign exchange rate and the ability to hold foreign currency) would be required. These changes were not forthcoming, giving credence to the view that the measures were not designed to loosen the government's grip on the economy or to allow more freedom. Some observers believed that the measures were politically motivated to allow peasant incomes to rise in an effort to quiet potential peasant unrest, which might affect 75 percent of the population.

Instead, in an action that might be described as both whimsical and misguided, on September 5, 1987, Ne Win demonetized all currency notes over \$1.60 in value without compensation in what was one of the most severe and destructive economic moves possible. The demonetization was rumored to be a personal decision possibly prompted by complex astrological calculations, but it was supposedly designed to eliminate the holdings of the black marketeers (on which the government in fact depended for imports). The demonetization may also have been an unsuccessful effort to slow inflation and the expansion of the money supply (it temporarily succeeded in the latter, but not the former).

This was the third and most comprehensive demonetization by the military since the coup of 1962. No one wanted to hold cash, so the urban populace bought and held commodities (especially smuggled), and the peasants held rice.

As the economic situation deteriorated, an apolitical incident occurred in March, 1988, involving a fight between students and a tea shop proprietor near the Rangoon Institute of Technology. Many of the students involved in the subsequent riots were the sons and daughters of the elite military. The demonstrations spread to urban areas and were brutally suppressed by the riot police, who were of a lower social stratum than the military. Women students were beaten; and hundreds of people were killed, including 41 who suffocated when they were stuffed into a police van. The order to fire had been given by General Sein Lwin, a close associate of Ne Win's who had also ordered the firing on students and monks in 1974 in connection with disturbances over the proper burial site for U Thant, the former Secretary General of the United Nations. Sein Lwin had also ordered the troops to fire during student demonstrations against the military in 1962.

Universities were closed until May 30. By that time, because farmers were not holding cash, they had not put their rice on the market, and the price had risen to about three times the price a couple of months earlier. The government had no rice to export, despite explicit requests from the Soviet

Union, China and the UNDP (United Nations Development Program), and it had only enough rice to provide rations for the military and the civil service.

In April, 1988, Ne Win's government had been notified by the Japanese (Burma's largest foreign aid donor) that if there were no substantive economic reforms, Japan would reconsider its economic relations with Burma, implying that its foreign assistance (almost 50 percent of all such aid) would then cease.

After the massive demonstrations in Rangoon and other cities that followed the reopening of colleges and universities on May 30, on July 7 Ne Win called for an extraordinary BSPP meeting to be held on July 23 to reconsider Burma's complex economic and political problems. It was evident that change could not wait until the next scheduled BSPP meeting in the summer of 1989, when suggestions for reform were to be considered. General Ne Win and four other officials offered their resignations from positions in the party and from the party itself; their resignations from office, but not from the party, were accepted (it was against regulations to resign from the party). The Burma Socialist Program party itself also rejected a suggestion from Ne Win that it give up its monopoly on power and institute a multiple political party system. Such reforms would have required a change in the 1974 constitution that established the BSPP as the only legal party in Burma and as the leader of the state.

At the meeting, there was a catalogue of the country's economic ills and a statement of the need for economic liberalization, including encouraging foreign and domestic private investment, and mentioning for the first time the possibility that foreign investors could be associated with public, cooperative and private sectors instead of with the state alone. The party endorsed General Sein Lwin as its chairman. The next day, the *Pyithu Hluttaw*, the National Assembly, approved him as President, i.e., the Chairman of the Council of State. Although Ne Win did not persuade his party to give up power (and there are many who believe that this was not a serious proposal), the leadership change and the economic reforms were supposedly carried out at his suggestion.

There was a virtually immediate reaction from the urban population. The students had called for Sein Lwin's arrest for his part in the student deaths, not for his elevation to Burma's highest office. Almost as soon as after he took office, Sein Lwin jailed Brigadier Aung Gyi, a one-time heir to Ne Win, who had been jailed and then released and who had become the regime's major critic, and 10 others considered close to Aung Gyi. On August 3 martial law was declared in Rangoon. On August

8, five days of rioting began in which perhaps 3,000 people were killed around the country; over 100,000 demonstrated in Rangoon daily.

On August 11, Prime Minister Tun Tin and General Saw Maung broadcast a speech in which the former called for calm; strangely, he did not mention President Sein Lwin. Yet in less than 24 hours, Sein Lwin resigned. Events in the intervening period are still unclear: whether his resignation was ordered by Ne Win, whether senior military felt he had to be jettisoned, or whether the resignation was voluntary (the last seems least likely) was not reported.

On August 19, at the eleventh meeting of the BSPP central committee, former legal scholar (and attorney general since Ne Win's resignation) Maung Maung was chosen as chairman.

On August 24, Maung Maung called for a party congress after which—if the party approved—there would be a national referendum on whether there should be a single or a multiple party system.

Demonstrations grew, and political dissidents began to play organizational roles. Students had formed unions; and the demonstrations were no longer limited to students and workers, but included younger monks, professionals, party members, ministerial and government workers, and even some more junior members of the armed forces, and thus represented virtually all urban groups except the top elite.

Foreign responses came quickly. The West Germans stopped assistance to Burma on August 31; the Japanese stopped aid after martial law was declared; and the World Bank stopped negotiations on new projects. On September 7, the United States House of Representatives passed a resolution unanimously calling for democracy in Burma, and later cut off its modest assistance, including its antinarcotics program. Foreign embassies withdrew all nonessential personnel and dependents, because Burma seemed on the brink of chaos. Although the party retreated back from the suggestion of a referendum and agreed to multiparty elections in some indefinite future, demonstrations continued. Opposition groups wanted an interim neutral government, because they believed that fair elections could not be held under the auspices of the newly resurrected BSPP, which would compete in any new election. This demand was echoed by many ethnic rebels as well as by the Burma Communist party. The government, however, refused to step down.

On September 18, General Saw Maung, military commander and defense minister and a close associate of Ne Win's, led a military coup to shore up the regime. This was the final effort to strengthen an administration that had virtually col-

lapsed. The old government in new guise ruthlessly suppressed demonstrations; civil servants were ordered back to work (the deadline given was October 3); and students and other dissidents were rounded up, jailed or forced to perform porter service for the army.

The government declared that no active-duty military personnel or civil servants could belong to the party; the party's name was changed to the National Unity party and thousands of BSPP staff were retired or fired; and the official name of the state was changed from the Socialist Republic of the Union of Burma to its original form, the Union of Burma. At the same time, between 4,000 and 7,000 students and other young people found their way to the Thai border (some hundreds went to India instead), where they hoped to train for antigovernment insurgent activities. Between 2,000 and 3,000 civil servants were said to have been purged and were forced to sign confessions, indicating their part in the protest movement.

The military government (only one civilian was included in the Cabinet) has promised elections for some indefinite date when law and order return. There are indications that elections may take place in the dry season of 1989-1990, probably after the harvest in January-February, 1990. Parties have been allowed to register. By late December, over 170 political parties had done so, a considerable number with ethnic or regional designations. It was evident that this was a cry for local and regional, not just ethnic, representation. But since each party was initially given a ration of gasoline (which on the black market was worth over 15 times its official value) and a telephone (also a coveted commodity), some critics suspected that many groups had economic motives. Others believed that the government was trying to divide the opposition by encouraging proliferation.

The welter of opposition groups means that the National Unity party, which is now the military in mufti even if military personnel on active duty are not allowed to participate, will probably retain control of the state. The National Unity party will run the elections; the opposition is fragmented; about three-fourth of the people are rural; and from the meager evidence available there are indications that the peasants are not likely to vote for the opposition.

Yet it is still unclear how fragmented the military itself may be. If Ne Win's influence diminishes (and he has been the single stabilizing force, however destabilizing his policies may have been), then the unity of the armed forces may well deteriorate.

At the same time, the economic situation has not improved. Although the rice harvest was predicted

to be good, in December only 10 percent of the government's target for paddy procurement had been met in the Irrawaddy division, the critical rice-growing area, because farmers did not want to sell to the government although they had entered advance purchase contracts to do so. Procurement will increase over time, but prices for rice have been rising in urban areas, contributing to the economic malaise.

The unfolding of this politico-economic crisis is still under way, and its denouement cannot yet be discerned. But the military's evident desire to retain power and the opposition's divisiveness bode ill for an early resolution to either the economic or the political health of the state.

### THE ROOTS OF THE CRISIS

Some factors that led to this crisis are traceable to the events of the past decade; some roots are deep in military rule; others relate to the Burmese political experience since independence.

Under military guidance in the 1970's, Burma entered a period of economic reform. At the first BSPP congress in 1971, in a frank exposition of society's ills the BSPP catalogued Burma's economic problems: inefficiencies, lack of initiative, confused priorities, and a growing labor force without employment opportunities because the public sector could not provide future employment, and the private sector was not encouraged to do so.<sup>2</sup> Priorities were changed to reflect Burmese economic strengths, like agriculture, forestry and mining; investment in these fields was encouraged. At the same time, foreign economic assistance was sought, and it increased some twentyfold over about five years in the 1970's. Industry was to be reformed in pricing policies, management and autonomy.

Burma's economy seemed to be growing, but this growth was spurred by massive increases in rice production brought on not by economic reforms but by the high-yielding varieties of rice introduced into Burma and spread through an effective party effort at rural mobilization. Industrial growth was financed by foreign support; Burma invited the World Bank to return, joined the Asian Development Bank, convinced the Japanese to increase its aid and encouraged other donors (West Germany, and later the United States) to participate. Oil production was on the increase, and prospects looked promising.

Yet a catastrophe was in the making. Although agricultural yields almost doubled, a plateau had

been reached. The new rice strains required heavy dosages of fertilizer and effective water management. But fertilizer was not sufficient and only 12-13 percent of Burma's land was irrigated, usually to provide supplementary water in case of a monsoon failure, and not for the double cropping of rice.

To finance its growth, Burma was borrowing heavily from abroad; its debt rose from about \$100 million in 1962 to \$4.8 billion in 1986. As the public sector expanded, Burma required more spare parts, intermediate goods and raw materials for its factories. At the same time, world prices for Burma's exports fell with the exception of teak. The import bills rose, exports fell and the foreign exchange deficit increased.

During this period, industrial production faltered, and there was an internal deficit because of losses from the state economic enterprises—the public sector. Smuggling increased rapidly to fill the gap; the already porous borders were becoming even more open. China replaced Thailand as a critical source of black market goods. Indian and Bangladeshi smuggling increased. By 1988, perhaps the equivalent of 40 percent of the gross national product was in undocumented smuggling (\$3 billion as a rough estimate), and there was a large amount in unreported illegal internal trade (the resale of goods from government stores and cooperatives to the bazaars). A great deal of money was made on this trade by small businessmen, families needing to supplement their meager incomes, and (it was said) by top civilian and military officials, but the magnitude of the trade pointed to more reliable and larger sources. To meet elite consumer demands, the government in effect had to encourage the smuggling trade, which it did in two ways; officials assisted in creating the trade routes while the interdiction of smuggled goods became a predictable charade, and on August 5, 1988, they formalized the trading system with the Chinese by signing an agreement with the Yunnan government that was to go into effect on October 1. This was an attempt to regulate what had in effect become Chinese economic paramountcy in north and central Burma by Burmese government default in production and ineffective economic policies, together with the party's need to satisfy its own ruling elite.

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<sup>2</sup>For an analysis of the economic reforms begun in 1971, see David I. Steinberg, *Burma's Road Toward Development: Growth and Ideology under Military Rule* (Boulder: Westview Press, 1981).

## BOOK REVIEWS

### ON EAST ASIA

FILIPINO POLITICS: DEVELOPMENT AND DECAY. By David Wurfel. (Ithaca: Cornell University Press, 1988. 361 pages, list of selected readings and index, \$34.95.)

David Wurfel's *Filipino Politics: Development and Decay* is a volume in Cornell University's Politics and International Relations of Southeast Asia series, under the general editorship of George McT. Kahin. Wurfel is an expert on Filipino politics, and the publisher claims that this book is "the most comprehensive account of Filipino politics from 1945 to the present available."

The linchpin of Wurfel's analysis is the concept that inadequate political development leads to political decay. Political development, he says, is an outgrowth of the modernization process, which has created new political institutions in the Philippines. Such institutions foster the participation of individuals through their participation in local government, political parties and interest groups. However, the failure of these institutions to address the needs of the people realistically results in political decay, typified by the later years of the era of President Ferdinand Marcos. In this study, Wurfel scrutinizes modern Filipino political history from the end of World War II to the fall of Marcos in light of the ebb and flow of political development.

Wurfel begins by offering a solid review of Filipino socioeconomic and political culture, including agrarian problems and class structure. After discussing the constitutional regime (1965-1972) under which Ferdinand Marcos became President in a lawful transfer of power, Wurfel documents the decay of the political process in the early 1970's, which led to Marcos's declaration of martial law in September, 1972.

The major theme of the book is the martial law era of President Marcos's "New Society." Wurfel divides his discussion into two periods. The first period, from 1972 to 1978, saw Marcos's tightening grip on power. His political technique, exploiting land reform, national and local government and foreign policy, is described in detail, and various moderate and radical opposition groups are evaluated.

The second period of martial law (1978-1986) was termed by Marcos the era of "normalization." His effort to establish his own form of "constitutional government" by lifting martial law and holding presidential elections is analyzed,

ed, as is the increasingly violent nature of some opposition groups. The catalyst for the fall of Marcos and the acceleration of political decay, says Wurfel, was the assassination of opposition leader Benigno Aquino Jr. in 1983. The assassination served to unite the opposition to Marcos, to alter United States-Philippine relations and eventually to trigger the stunning four-day "People Power" revolution of February, 1986, that ousted Marcos and made Benigno Aquino's widow, Corazon Aquino, the Philippines' new President.

Wurfel's coverage of the revolution is illuminating and helps the reader understand that the seemingly rapid removal of Marcos from power was long in coming. Wurfel concludes with a discussion of the Philippines' future and the problems faced by the government of Corazon Aquino.

R. Scott Bomboy

THE KOREANS: CONTEMPORARY POLITICS AND SOCIETY. By Donald Stone Macdonald. (Boulder: Westview Press, 1988. 309 pages, appendixes, glossary, bibliography and index, \$34.95.)

With Korea's increasing prominence in the global economic and political arena, the release of Donald Stone Macdonald's *The Koreans: Contemporary Politics and Society* is particularly timely. This book is a general introduction to the people and culture of North and South Korea. The author's goal is to make it possible "for readers unfamiliar with Korea to interpret Korean events in a Korean context."

Among the topics and areas covered are Korean culture and society; politics and government in the two Koreas; the evolution of the Korean economy; Korean national security and foreign relations; and the problems of reunification. This book is well documented with tables and figures and the appendixes contain a glossary of Korean terms and a list of current sources on Korean affairs, including weekly and monthly newspapers and periodicals.

R.S.B.

U.S. POLICY AND THE TWO KOREAS. By Edward A. Olsen. (Boulder: Westview Press, 1988. 115 pages and list of recommended readings, \$13.50.)

This brief study reviews the key economic, security and political issues in United States-

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## THE PHILIPPINES

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Philippine population. The Aquino performance in this area is at best ambiguous. Aquino must articulate a clearer vision and direction, and must demonstrate bolder initiatives.

No mention of land reform is complete without an evaluation of the larger economy of the country and the Aquino administration's program to revitalize it after the plunder of the previous regime. In 1987, the economy grew at the rate of 5.7 percent, and it grew at 7.6 percent in the first quarter of 1988.<sup>17</sup> These impressive gains barely make up for the 10 percent contraction in the economy during the last two Marcos years. It was Aquino's misfortune to inherit the disaster. To hasten economic recovery, the Philippine government has accepted massive amounts of assistance from a "Marshall Plan" organized by the United States and its allies. Up to \$10 billion is being raised to energize the devastated economy. President Aquino has made official trips to the United States, Switzerland, Italy and Brunei, partly to negotiate loans and assistance packages for the Philippines.

The biggest drain on the economy is the huge external debt incurred by the predatory Marcos and his cronies. The economy cannot grow if it continues to remit billions of dollars to pay off the gargantuan debt. The country has paid \$5 billion to its creditors since Aquino took power, and by 1992, when her term ends, debt payments will have totaled a staggering \$20 billion.<sup>18</sup>

The debt crisis is compounded by fundamental disagreements among Aquino's top economic advisers—Economic Planning Secretary Solita Monsod, Central Bank Governor José Fernandez and Finance Secretary Vicente Jayme—on an appropriate strategy. Monsod has argued for a "selective repudiation" of the debt. The absence of a consensus on debt management has been overtaken by legislative action. The Philippine Senate has passed Bill 535, putting a limit on the annual debt service of the country, a limit that has alarmed more conservative sectors who fear that this action will cut the availability of new loans. In any case, the Senate has proposed to establish a Foreign

<sup>17</sup>President Corazon Aquino, *State of the Nation Address*, delivered before the Congress of the Philippines, July 25, 1988. *Manila Bulletin*, July 26, 1988, p. 7.

<sup>18</sup>"Consensus Needed to Manage Debt," *The Manila Chronicle*, November 28, 1988, p. 4.

<sup>19</sup>"US to Pay \$1.46 B[illion] for Bases until '91," *The Manila Times*, October 19, 1988, p. 1.

<sup>20</sup>For a statement of the nationalist perspective on the bases issue, see Ed Garcia and Francisco Nemenzo, *The Sovereign Quest—Freedom from Foreign Military Bases* (Quezon City, Philippines: Claretian Publications, 1988).

<sup>21</sup>Ibid., p. 20.

Debt Commission to try to consolidate a national consensus on the pesky debt question.

## THE NEW MILITARY BASES AGREEMENT

Another lingering externally related issue that confronts the Aquino government is the future of the American military bases in the Philippines. The original Military Bases Agreement (MBA) was signed in 1947, and is due to expire in 1991, after more than 50 amendments over the years. During the administrations of United States Presidents Jimmy Carter and Ronald Reagan, the United States and the Philippines entered into five-year agreements: the current agreement expires in 1989. In July, 1988, the governments started discussions designed to work out the details of the last two years of the MBA, not the use of the bases beyond their expiration in 1991.

On October 18, Philippine Foreign Secretary Raul Manglapus and United States Secretary of State George Shultz signed an agreement allowing the continuing use of the American bases until 1991, at a cost to the United States of \$1.46 billion.<sup>19</sup>

The "hard" cash, amounting to \$471 million, includes the so-called Economic Support Fund (ESF) of \$160 million. The "soft" components, amounting to \$305 million, will go to housing investment schemes and the procurement of Philippine goods and materials. A debt-reduction scheme is included and the estimated "savings" will be of between \$390 million and \$480 million. And the Philippine Base Command will receive an assistance fund of \$4 million.

Predictably, the nationalist groups are unhappy with the renewed agreement. They have always demanded unconditional withdrawal of the bases, which they consider an affront to Philippine sovereignty that makes the country a pawn in the United States global game.<sup>20</sup> The nuclear issue has been a bone of contention, especially in light of the provision in the new constitution that the Philippines, consistent with the national interest, adopts and pursues a policy of freedom from nuclear weapons on its territory. The social costs of the bases in terms of prostitution, gunrunning, smuggling, violence and other forms of criminality are also part of the nationalist argument.

But the political question of sovereignty rankles most sharply. "In fact, [the] continued existence [of the bases] on Philippine territory hinders the pursuit of an independent course of action in all matters of national interest, from foreign relations to political and economic development."<sup>21</sup> The bases are seen as offensive "vestiges of colonial rule."

And as good as it sounds the debt-reduction

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**UNITED STATES POLICY**

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observed, "nobody [in the Bush administration] is going to get around to worrying about Korea till early summer"; and he added: "I hope that's not too late."<sup>13</sup> It probably will not be. Some American officials and some interested congressmen will be considering Korea on a continuing basis. Changes in the relationship of a relatively minor nature should be considered as soon as possible; and changes in security, economic and political relations should be explored at high levels in both countries.

For the United States, East Asia has a higher priority than Southeast Asia; but there are special problems in Southeast Asia as well. Of particular concern are American relations with the Philippines, the United States role in the Cambodian dispute and the American relationship with Vietnam. Growing bilateral relations with all the other Southeast Asian countries are supplemented by the special United States relationship with the Association of South East Asian Nations (ASEAN), especially through the practice of post-ministerial meetings or dialogues.

Because of recent developments in Burma, the United States must reconsider its limited relations with that previously uncooperative country. The new military regime, headed by General Saw Maung, has announced that it will turn away from the strict socialism and isolation of the past quarter-century and moreover, will initiate economic reforms, will follow some free market policies, will seek foreign aid and investment, and will permit democratic elections. But the United States should probably continue to withhold aid and discourage trade and investment until and unless the new regime gives concrete evidence of movement in the reforms it has promised to institute, especially with respect to the observance of human rights and democratic freedoms.

Differences between the United States and the Philippines over the future of the American bases at Subic Bay and Clark Field have been temporarily postponed by the conclusion, after months of strained and difficult negotiations, of an agreement for the retention of the bases by the United States for another two years. But the future of the bases after 1991 will be a continuing bone of contention and will seriously affect the overall relationship between the two countries. Emotional and nationalistic feelings seem to be more compelling in the Philippines than the economic benefits of the

<sup>13</sup>Quoted in *ibid.*

<sup>14</sup>For a discussion of the bases issue and its impact on United States-Philippine relations, see Fred Greene, ed., *The Philippine Bases: Negotiating for the Future* (New York: Council on Foreign Relations, 1988).

bases (a major source of income and employment) or the alliance with the United States. And Americans seem to regard the retention of the bases as a condition for the continued economic and political support of Corazon Aquino's regime. President Aquino is clearly "on the spot" on this issue, as on so many others. If she permits the United States to retain the bases after 1991, she will face serious challenges at home; if she does not, she will have serious problems with the United States.

From the American perspective, the best that can be hoped for is that a new agreement permitting the bases to remain after 1991 will be concluded, at greatly increased cost. The new negotiations will probably be even more protracted than those of 1987-1989, and will leave a legacy of frustration and bitterness on both sides. If the bases agreement is not renewed, the fallout will be even greater. Presumably the United States will be given some time to remove the bases, the largest United States bases in the Western Pacific.

Contingency plans have long been under preparation for alternative base arrangements. Any of these arrangements would be very expensive and far less satisfactory from a strategic point of view; but some alternative may have to be implemented. There is even a possibility that, as Secretary of State George Shultz warned, the United States might move the bases, even if the Philippine government is willing to let them remain, if the demands for compensation are regarded by the United States as excessive.<sup>14</sup>

The United States strongly condemned the Vietnamese occupation of Cambodia in late 1978. It has given economic and other nonmilitary support to the two non-Communist groups in the anti-Heng Samrin coalition that has been operating from refugee camps in Thailand, close to the Cambodian border. It has endorsed the position of the ASEAN countries on the Cambodian issue, especially the recent efforts of ASEAN to bring representatives of all four Cambodian groups (including the Vietnam-sponsored Heng Samrin regime) together, and to secure their agreement on a coalition government, to be followed by national elections in Cambodia after the withdrawal of Vietnamese troops. Because of the bloody record of Pol Pot's Khmer Rouge government in Cambodia in 1975-1979, the United States opposes the inclusion of the Khmer Rouge in a future Cambodian government, even though this is the largest of the three resistance groups in Thailand. In various ways, the United States will be involved in international assistance and supervisory programs if Vietnamese forces are withdrawn and a coalition government is installed in Phnom Penh.

This would seem to be an appropriate moment for the United States to test Vietnam's devotion to its newly professed aims by ending the virtual ostracization of the Communist regime in Hanoi and gingerly testing the advisability of a new American approach. This might begin by behind-the-scenes explorations through third countries that have official relations with both the United States and Vietnam, and by encouraging, rather than discouraging, a limited amount of trade and unofficial exchanges, more tourism, and other contacts. If these tentative steps prove fruitful, the United States might suggest the establishment of liaison offices in other embassies in Hanoi and Washington. In time, this might lead to mutual agreement to establish formal diplomatic relations.

But for the foreseeable future, the Bush administration can be expected to make only very preliminary moves in this direction. Even if it reverses United States policy toward Vietnam in a limited and tentative way, this would be a controversial new approach, and merits careful consideration and full consultation with major allies and the ASEAN states.

## FUTURE DIRECTIONS

In August, 1988, Richard L. Armitage, then assistant secretary of defense for international security affairs, wrote: "By any standard of measurement, United States foreign policy in Asia should be judged successful." This is a judgment that many American specialists on Asia and the Pacific and many of America's friends in the region would not wholly endorse. Another Armitage statement is inconsistent with the needs and trends of the times. After pointed observations on the need for "burden sharing for democracy" with special reference to Japan, Armitage stated that "we must not overlook the benefits United States citizens derive from the status quo."<sup>15</sup> With reference to East Asia and Southeast Asia, one might ask: "What status quo?" If there is an overriding trend, it is the accelerated pace of change.

The questions therefore arise whether the United States is making a realistic assessment of the changing scene in the Asia-Pacific region and whether the United States will develop a more coherent, more realistic and more positive policy toward this increasingly important part of the world. The need for "new political thinking" applies to the United States as well as to the Soviet Union. It would be helpful for America's image in the world if President Bush would spell out United States foreign policy in East Asia as elsewhere

<sup>15</sup>Richard L. Armitage, "Enhancing United States Security in the Pacific," *Christian Science Monitor*, August 30, 1988.

<sup>16</sup>Quoted in Brown, op. cit.

more clearly than any President has done in recent years, and show that he has a worldview to which other peoples and nations can relate. This does not imply that President Bush should simply react to Gorbachev's recent rhetorical triumphs. Certainly performance is the test of any comprehensive pronouncements by any world leader.

The new American President has had extensive international contacts and he will probably give as much attention to foreign affairs as domestic pre-occupations will permit. Having served in China, where he has been hailed as "an old friend of the Chinese people," Bush should be able to develop realistic policies and approaches toward that country and other countries in the Western Pacific.

In November, 1988, after accompanying a group of security experts from Japan, South Korea and the ASEAN countries on a tour of the United States military bases in Japan, South Korea and the Philippines, Professor Donald C. Hellmann of the University of Washington, a leading American authority on Asian affairs, made some disturbing observations:

The most surprising thing was that the United States does not present fresh views despite the fact that the countries there have changed fundamentally. The Asians are aware that things are changing. The United States seems to be reasserting past positions without any truly significant changes. We are overwhelmingly passive and reactive, without any vision of what our role should be.<sup>16</sup>

This interpretation is widely shared on both sides of the Pacific. President Bush and his foreign policy advisers would do well to consider this point of view as they move to articulate new policies in the light of the rapid changes on the other side of the Pacific. ■

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## SOUTH KOREA

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ment in South Korea. The other outstanding issue involves the renegotiation of the terms by which South Korea's armed forces are kept under the operational control of the United States military commander.

The United States troop withdrawal from South Korea, the demand that North Korea has consistently stressed, is now openly debated by some radicals in South Korea. The middle class, however, seems more concerned about the disruption of political stability that might follow a speedy withdrawal of United States troops.

## THE UNIFICATION ISSUE

On July 7, 1988, the Roh government announced a new six-point initiative toward North Korea.

The policy has been hailed as bold and positive. In his October 18, 1988, address to the United Nations General Assembly, President Roh Tae Woo reiterated his desire to improve relations with North Korea and proposed to turn the DMZ into a peace zone.

What has thus far impeded progress in inter-Korean negotiation is the North Korean demand for the withdrawal of United States troops from South Korea. North Korea has also demanded an immediate halt to the United States-South Korean annual joint military exercises called "Team Spirit." Several levels of inter-Korean dialogue and negotiation, however, have been carried out simultaneously, including the interparliamentarian talks to arrange for an eventual meeting between the National Assembly in the South and the Supreme People's Assembly in the North, and the Red Cross talks to arrange for the reunion of 10 million dispersed families scattered through the country since the Korean War years.

In late December, 1988, South Korea announced that it would agree to a North Korean proposal to hold high-level political and military talks to ease tension on the Korean peninsula. In a letter from South Korean Prime Minister Kang Young Hoon to Yon Hyong Muk, his counterpart in the North, the Seoul government suggested that Prime Ministers from the two sides meet to discuss ways to cooperate, build mutual trust in military matters, and pledge noninterference in each other's affairs. Such a meeting will lay the foundation for a subsequent summit meeting between President Roh Tae Woo and North Korea's President Kim Il Sung. One political issue to be settled at such a meeting will be whether or not to adopt a joint declaration on mutual nonaggression and non-interference in each other's affairs, including a formula for promoting reunification.

## PROSPECTS

In the late 1980's, South Korea has seen rapid political change, continuous economic growth and steady social progress. South Korea has become one of the world's most dynamic countries in terms of political, economic and social changes that have been positive in their impact on society. As the country prepares to enter the decade of the 1990's, South Korea will emerge as an important regional power in Northeast Asia.

Politically, South Korea has gained momentum toward democracy. The launching of the sixth republic in 1988 was the first peaceful transfer of power in the 40-year-old history of the Republic of Korea. Since 1948, the country has undergone a series of important political changes.

Economically, in the late 1980's South Korea has

become one of East Asia's most successful newly industrialized countries (NIC's). Averaging an annual growth rate of 10 percent in the decade of the 1980's, South Korea has made rapid progress in economic development. In 1987, the economy registered an impressive GNP of \$118.6 billion and a per capita GNP of \$2,870. This is a remarkable achievement; in about 25 years South Korea's per capita income multiplied 35 times, from a low of \$82 in 1961 to \$2,826 in 1987.

Even if the projected growth rate is slower in the years after 1988, the total GNP is expected to almost double in four to five years, from \$118.6 billion in 1987 to an estimated \$226 billion in 1991. The GNP per capita likewise is projected to increase from \$2,826 in 1987 to about \$5,100 in 1991.

As South Korea continues to progress economically, the country will also develop politically. Koreans will also become more enlightened and more tolerant of diversity, as standards of living continue to improve. It can be hoped that a culture of pluralism and democracy will take roots in the soil of South Korea in the 1990's. ■

## VIETNAM

*(Continued from page 180)*

ment on a future settlement, but they produced a tentative outline for a neutral and nonaligned Cambodia. They agreed to meet again in early 1988 and called on the other two factions in the coalition to join them. Sihanouk stated, however, that he was prepared to go ahead with talks, with or without his allies.

A second meeting took place at the same site the following January. No communiqué was issued after the talks, suggesting that little progress had been made; but Sihanouk and Hun Sen used the opportunity to engage in frank discussions about the process of Vietnamese troop withdrawal and the nature of a possible peacekeeping force that would replace the withdrawing Vietnamese forces in Cambodia. Hun Sen rejected Sihanouk's proposal for peacekeeping force of the United Nations variety, but intimated that his government might accept an international control commission consisting of neutralist nations like India.

From Hanoi's point of view, the meetings at Fère-en-Tardenois had scored only a limited success. Sihanouk had been brought into direct contact with a representative of the Cambodian government, but he resisted Hun Sen's terms for a settlement and refused to hold any further meetings until Vietnam agreed to join the peace process. In the weeks that followed, Sihanouk publicly urged Western nations not to grant any

economic aid to Vietnam until Vietnamese troops had been withdrawn from Cambodia. In May, Hanoi appeared to respond when it announced that 50,000 Vietnamese troops would leave Cambodia by the end of 1988. The rest were to be placed under the command of Cambodia's armed forces. A month later, newly elected Prime Minister Do Muoi informed journalists that, "if possible," all remaining Vietnamese forces would be withdrawn from Cambodia by early 1990.<sup>17</sup>

Then, in July, the conference among representatives of the Cambodian factions, the ASEAN states, and Vietnam (dubbed the Jakarta Informal Talks, or JIM) convened at Bogor, south of Jakarta. The talks achieved little progress, but they did clarify the issues. There was an apparent consensus that the withdrawal of the Vietnamese must be accompanied by measures to guarantee that the Khmer Rouge would not return to power in Phnom Penh. Second, it was generally agreed that all factions should coalesce in a single transitional authority under Sihanouk before the holding of national elections. But there was little agreement on specifics; each delegation presented its own plan without discussing the others. Nguyen Co Thach refused to deal with specifics, reiterating his claim that arrangements inside Cambodia were an "internal matter" for the Cambodians. Representatives of the Khmer Rouge were even less cooperative, rejecting any link between a Vietnamese withdrawal and measures to prevent their return to power in Phnom Penh.<sup>18</sup>

As the conference ended, many of the issues were still unresolved. How could the return of the Khmer Rouge be prevented? What would be the shape of the coalition government, and of the international body that would supervise the peace after the withdrawal of the Vietnamese? Despite the unresolved issues, a framework had been created; working groups were to meet to deal with specific issues raised by the conference.

After the meeting at Bogor, attention shifted to Beijing, where Chinese and Soviet officials met in

<sup>17</sup>FBIS, June 23, 1988. The underlying reasons for Hanoi's decision to withdraw 50,000 troops from Cambodia have been debated. Vietnamese sources claimed that they were no longer needed. The SRV simultaneously withdrew 25,000 troops from Laos. See *The New York Times*, May 25 and 26, 1988.

<sup>18</sup>After the conference, Khmer Rouge sources disclosed that they were willing to share power in Phnom Penh. See the *Washington Post*, August 16, 1988.

<sup>19</sup>The Chinese made it known that they no longer insisted that the Soviet Union compel Hanoi to remove its troops, but were urging the Soviet Union to encourage Hanoi to begin the withdrawal. See FEER, August 11, 1988, p. 9.

<sup>20</sup>*The New York Times*, December 5, 1988. For earlier references to the talks, see *ibid.*, September 28 and October 21, 1988.

late August to discuss the Cambodian question. Previously, Beijing had rejected the idea of direct talks with Moscow, on the familiar grounds that Moscow had not yet removed the "three obstacles" to better relations, including the Soviet Union's refusal to pressure Hanoi to remove Vietnamese troops from Cambodia. But when Moscow agreed for the first time to discuss the Cambodian issue in bilateral talks with Beijing, China relented. Beijing still insisted, however, that the Soviet Union must take "practical steps" to bring about a Vietnamese withdrawal before it would agree to hold a summit meeting.<sup>19</sup>

Hanoi greeted with severe misgivings the news that China and the Soviet Union were to discuss the dispute over Cambodia. China's attitude toward the dispute was well known; it wanted the Vietnamese to leave and the "special relationship" among Vietnam, Laos and Cambodia to be dismantled. Although in recent months Chinese officials had shown signs of flexibility, there was undoubtedly skepticism in Hanoi as to Beijing's ultimate intentions. On the other hand, the Soviet willingness to discuss the Cambodian issue with China must have aroused bitter memories in Hanoi of previous Soviet sellouts of Vietnam's national security interests. Although the Soviet Union had given Vietnam firm public support on Cambodia from the beginning, there were persistent reports that Soviet officials were attempting to pressure Hanoi to resolve the Cambodian dispute in order to facilitate an improvement in Sino-Soviet relations.

The Sino-Soviet talks did not lead to any visible progress in the Cambodian dispute; they apparently represented more an exchange of views than a serious negotiating session. Yet, as in the case of the conference at Bogor, the mere fact that talks were held at all represented a measure of success, and there were indications that further progress was expected. In late September, 1988, Beijing announced that Chinese Foreign Minister Qian Qichen would visit Moscow later in the year, a sign that both sides believed that a further improvement in relations was possible. The discussions took place in early December, and although there was no indication of a meeting of minds, Qian Qichen commented that the talks had been "open and businesslike," while the Soviet news agency Tass declared that the two sides had agreed on the need "to bring the solution of the problem into the concluding state."<sup>20</sup>

In the meantime, representatives of two of the Cambodian factions (the Khmer Rouge refused to participate), Vietnam, and the ASEAN states held the first session of the working group in Jakarta to resume their efforts to find a basis for settlement.

Little progress was achieved and a meeting between the Cambodian factions (again without the Khmer Rouge) fared little better. There were some signs of increased flexibility from China, however, as Prime Minister Li Peng, on a state visit to Thailand, indicated that Beijing would be willing to support the creation of a government in Cambodia under the chairmanship of Norodom Sihanouk.<sup>21</sup>

## RELATIONS WITH CHINA

Hanoi's difficulties in Cambodia, of course, are only one facet of its primary foreign policy problem—the dispute with its powerful neighbor, China. In recent years, the intensity of the antagonism between the two countries has apparently declined into sporadic clashes along their mutual border and around the disputed islands of the Spratlys and the Paracels in the South China Sea.

During the past few years the dispute over the islands has been relatively quiet; the Paracels are occupied by China and the Spratly Islands are shared by Vietnam and a number of other nations in the area. Early in 1988, however, a Chinese fleet unexpectedly seized several of the unoccupied sandspits and coral reefs in the Spratly Islands. Hanoi's Ministry of Foreign Affairs issued a complaint a few days later, and a serious clash took place in the area in mid-March, when Chinese units fired on three Vietnamese freighters, causing a number of casualties. Beijing refused Hanoi's appeal for negotiations, declaring that China was simply using the area for scientific purposes. Hanoi attempted to downplay the issue, and in July Vietnamese sources called for a conference including all five nations with claims to the islands.

There have also been rumors of diplomatic contacts between the two countries and reports that Vietnam has reduced the size of its military forces along the land border with China, where the level of fighting has apparently declined. In a tantalizing indication of possible improvement in Sino-Vietnamese relations, the National Assembly introduced an amendment removing statements critical of China from Vietnam's 1980 constitution.<sup>22</sup>

## RELATIONS WITH THE UNITED STATES

China was not the only beneficiary of the

<sup>21</sup>*Beijing Review*, November 21, 1988, p. 9. For an analysis of the October talks among the Cambodian factions, see FEER, November 17, 1988, pp. 16-17.

<sup>22</sup>The reference to the proposed amendment to the constitution is in Kyodo New Service in English, June 26, 1988, in FBIS, June 28, 1988. The naval clashes were discussed in FEER, May 5, 1988, p. 24.

<sup>23</sup>In return for the release of prisoners, the Reagan administration reportedly promised not to permit such immigrants to take part in political activities hostile to Vietnam. See *The New York Times*, July 18, 1988.

regime's decision to amend the Vietnamese constitution. According to reports from Hanoi, critical references to the United States in the document will be deleted as well. If the reports are true, it will not be a total surprise, for there have been a number of indications in recent years that Vietnam hopes to improve relations with the United States. The first signs of Hanoi's renewed interest in ties with Washington appeared in 1986, when Vietnam officials promised to resolve within two years the problem of American soldiers still "missing in action" (the MIA's) after the Vietnam war. That promise was not fulfilled and the Vietnamese complained that Washington had done little to respond to Hanoi's need for humanitarian assistance.

The effort resumed in January, 1987, however, when United States President Ronald Reagan appointed John Vessey, former chairman of the joint chiefs of staff, as special envoy to deal with the MIA issue. In August, Vessey signed an agreement with Vietnamese officials asking each side to address the other's humanitarian postwar needs. Even that agreement led to mutual recrimination. The Reagan administration announced that it would encourage private agencies to make arrangements with Vietnam, but Vietnamese officials argued that since Hanoi was officially involved in helping resolve the MIA issue, United States humanitarian aid to Vietnam should also have an official character.

Despite these roadblocks, relations between the two countries moved forward in 1988. During the spring, several congressional delegations visited Vietnam, and a number of United States legislators suggested the opening of interest sections in each country to deal with issues of mutual concern and to set the stage for a possible resumption of full diplomatic relations. Hanoi attempted to grease the wheels by announcing the release of several thousand prisoners from reeducation camps in Vietnam, stating that they could emigrate to the United States if they so chose. Vietnamese officials also agreed to the formation of joint teams to resume the search for the MIA's.<sup>23</sup>

So far, neither concessions from Hanoi nor resolutions from Capitol Hill have deterred the United States from pursuing its chosen course, maintaining pressure on Hanoi to force it to withdraw from Cambodia. Testifying before Congress in July, United States Assistant Secretary of State Gaston Sigur declared that the Reagan administration was continuing to oppose the opening of a diplomatic office in Hanoi. Recognition, he said, would represent a "fundamental departure" from the established American policy of isolating Vietnam. The exchange of representatives should not be undertaken until meaningful progress has been

achieved in resolving the Cambodian dispute.<sup>24</sup>

Washington's attitude angered officials in Hanoi, who abruptly suspended cooperation with the United States on the MIA issue because of the "hostile policy" adopted by the Reagan administration. But the prospects of an opening to Washington were apparently too important to risk. Two months later, Hanoi agreed to resume co-operation in assisting United States teams to search for the MIA's.

## RENOVATION IN FOREIGN POLICY

The reformist program in Vietnam has mostly been devoted to domestic policy. But official sources in Vietnam have asserted that there is a foreign policy aspect to the struggle for renovation. Signs of "new thinking" in foreign affairs have appeared with increasing frequency in recent months—in Nguyen Co Thach's declaration that Vietnam would withdraw its remaining occupation forces from Cambodia in early 1990, in the peace gestures to China, and in the regime's effort to promote better relations with the United States. Signs that these actions were part of a deliberate policy were reaffirmed in August, when the Politburo reportedly decided to adopt a more independent policy in foreign affairs and to downplay the issue of the "special relationship" with Laos and Cambodia.<sup>25</sup>

Does this "new thinking" represent a genuine departure from past attitudes and objectives in Hanoi? Or is it only a series of tactical gestures to hoodwink adversaries and placate restive policy-makers in Moscow? There is still no sign that the "special relationship" with Laos and Cambodia and the alliance with the Soviet Union are not the "foundation stones" of Vietnamese foreign policy. From Hanoi's point of view, the most serious threat to Vietnamese national security—the wide-ranging dispute with China—is unresolved.

Yet Vietnamese leaders may have begun to draw two lessons from recent events. First, they may have concluded that the demands of economic modernization do not necessarily compete with the demands of national security, but that modernization is a prerequisite for a strong national defense. Second, they appear to be increasingly aware that Moscow's current interests in Asia diverge in significant ways from those of Vietnam and that therefore the Soviet Union cannot be relied on to meet Hanoi's policy needs.

This point was graphically demonstrated in September, 1988, when Mikhail Gorbachev of-

<sup>24</sup>United States Department of State, Bureau of Public Affairs, *Current Policy* 1098.

<sup>25</sup>See FEER, September 29, 1988, p. 15.

<sup>26</sup>For an analysis, see *ibid.*, October 27, 1988, p. 27.

ferred to remove the Soviet military presence from Cam Ranh Bay in Vietnam if the United States would agree to dismantle its bases in the Philippines. Vietnamese leaders were reportedly outraged that Moscow had not consulted them in advance.<sup>26</sup>

Nonetheless, it is doubtful that the regime will soon abandon the concept of the "special relationship" with Laos and Cambodia and the alliance with Moscow. To the Vietnamese, the world is much too dangerous to risk offending the Soviet Union. The final answer may come not from Hanoi but from the complex and evolving relationship of the major world powers. ■

## BURMA

(Continued from page 188)

In December, 1988, Burma's minister of trade admitted to legal, informal trade in excess of \$300 million, but it may have reached \$1.5 billion. In addition to this, there was an expansion of the opium/heroin trade, which also apparently increased as a means to finance the rebellions. By December, 1987, Burma was bankrupt, and it was in arrears in its debt servicing.

The failure of the political economy was not caused simply by these events, and not even by issues that have plagued the military regime since its formation in 1962. Some problems were clear at an earlier period, and thus indicate deep-seated and often understandable tendencies in the Burmese body politic. These issues include the inseparability of politics and economics, the distrust of the private sector, reliance on the public sector, a weak and politicized bureaucracy, mistrust of the periphery by the center, economic insularity but export dependence and a fear of external forces. Some of these problems are virtually universal; Burma differs only in the degree to which they affect the population. To ignore them, however, may be to misinterpret the depth of the Burmese dilemma.

Since the growth of the nationalist movement in the 1930's, the anticolonial political agenda has been wedded to an anti-imperialist economic agenda. The Burmans (the two-thirds of the population who spoke Burmese as their native language, and almost all of whom were Buddhist) had borne the brunt of colonial rule, had suffered the most under the introduction of a monetized economy, and had led the nationalist struggle. Politics and economics have been inseparable, but political needs have predominated. Economic policies have been determined more by ideology than by pragmatic realism. This has been evident during the civilian administration as well as under the military.

There is a deep-seated and historically under-

standable mistrust of the private sector, because it has been in the hands of minorities, mostly Indians from the subcontinent and Chinese. This is not solely, perhaps not even primarily, because the Burmans are Buddhist and theoretically not interested in material aggrandizement. The minorities have had a long history of entrepreneurship and trade and have been denied other economic opportunities; they have also had other informal, external and effective sources of credit and economic links. Whatever the causes, the result has been a Burman resentment of the private sector, but a cyclical and belated realization (in 1955, 1971 and 1988) that private economic activity was necessary.

At the same time, there has been a reliance on the public sector, a belief that state-run industry was necessary to overcome the fears of the private and foreign-dominated businessmen and to place wealth in the hands of the Burmans.

Although it is socialist, Burma has suffered from a weak and politicized bureaucracy. Aside from the transitory influence of British India (the Indian civil service and, later, the Burma civil service were both small elite groups), the Burmese never developed a meritocracy, on which the Confucian-based administrations in Asia depended. The colonial service was relatively short-lived. In 1958, U Nu complained about the dual loyalties (to the party and to the ministry) of the bureaucracy, a problem that has become worse over time. The government administration was always weak, because salaries were continuously behind real costs of living. Today, salary scales are only about one-fourth higher than salaries in the 1950's, while prices have skyrocketed and are perhaps 15 times higher (although official cost-of-living figures have often been manipulated). That is one reason why each government has attempted to insulate the state from externally generated inflation.

Ironically, this economic insularity comes from governments whose very existence depends on exports. Burmese foreign exchange relies on exports. Burma has never taken advantage of the export of labor (to the Middle East, for example), tourism or any other means of earning foreign exchange and, until recently, it has not allowed its citizens to emigrate to remit foreign exchange. Dependent on exports, it has tried to keep foreigners at bay, making foreign investment difficult at best and mistrusting foreign economic contacts and activities. Even when it has ostensibly encouraged foreign private investment, it has done so reluctantly, passing edicts or legislation without providing the climate necessary to make the attempt work.

Burma mistrusts both its own periphery and the

external world. It has had good reasons for distrust over time, since it has had a variety of internal rebellions, some of which have received foreign financing or support. But because of ethnic and regional tensions, the state has regressed to more traditional relations, with the kind of central (and Burman) dominance that existed in monarchical times. The world, however, has changed, and these attitudes are far less acceptable today. A sound policy of neutralism has been regarded as isolationism. Burma has been called xenophobic, but this is a more accurate assessment of its national stance than of the attitudes of its individual citizens.

The military regime has exacerbated these tendencies. In the 1960's, it engaged in a major nationalization program that brought the economy to its knees; then, as now, Burma functions economically because it is in reality a series of highly autonomous village economies, not a unitary state. The army cut Burma off from the outside; it allowed few tourists for short periods; restricted news and information; let few Burmese go abroad for training; and restricted foreign investment so that only one firm was allowed in, and that one only because of a special relationship with Ne Win.

In the fall of 1988, Burma stopped issuing all tourist visas—which the press used to get into Burma since they were denied admission as press. In December, 1988, the government renewed tourist visas for one-week periods, but only in groups and only if expenses were payed in dollars. The mistrust of foreign influence is still strong.

The military intertwined politics and economics to such a degree that it became impossible to carry out the economic reforms mandated by the government. All power was in the party (that is in the military men who controlled the party), and economic enterprises seemed to exist more for their political role than for their productive aspects.

Military distrust of the periphery was the reported reason for the coup of 1962, and it was evident that the formation of the unitary state under the constitution of 1974 was in fact a codification of that fear. But rather than alleviating the problem, it intensified it so that there is now no major ethnic group in Burma in which some element is not in revolt against the central state.

## BURMA'S FUTURE

Burma's choices for the future are multiple, but they are circumscribed. The government began to deal with the present crisis with a loosening of central control, and ended with a degree of repression hitherto unknown in modern Burma. But Burma can no longer be isolated; visas may be denied to

foreigners, and tourists may be restricted, but increasing external economic needs, improved international communications technology, the need for foreign investment, and training abroad mean that no authoritarian government can insulate its population from the outside world. International scrutiny will prove uncomfortable, but it will not go away. Neutralism will probably remain; but isolation is no longer possible.

Burmese leadership patterns are also changing. The old guard (both the Ne Win and the U Nu generation are in their seventies and eighties) will soon be replaced by younger leaders, none of whom have yet shown the capacity to mobilize the population in the manner of their elders. Leadership is still likely to come out of the army, but the leaders will be a new and better educated group of military academy graduates. Many of Burma's technocratic elite have been driven abroad; to persuade them to return will require government assurances that they will enjoy political freedom.

The plethora of political parties formed in 1988, even if most of them are ephemeral, reflect fragmented political alignments that may indicate a resurgence of a particularly venomous Burmese factionalism, based on personal loyalties rather than policies (except for the extreme left where factionalism is also rife, but within ideological constraints). Economic reforms require a consensus on basic policies, and trust in predictable government actions. Consensus and trust will be difficult to obtain.

The Burmese private sector will be critical in the future, but it will probably be treated with suspicion and it will have to operate carefully so that the people do not think they are being exploited for private ends. Without careful management, there may be a resurgence of Indian and Chinese control over the economy, with the possibility of dire nationalistic consequences.

Some equitable means will have to be found to deal with the minority issues that have sapped the nation's strength. Perhaps 40 percent of the national budget (some observers believe the figure is 60 percent, but 25 percent is admitted) goes to defense; but as much as one-third of the nation's land area and perhaps one-tenth of the population are denied to the government for economic development.

Realization of Burma's economic potential is still in the distant future. The government has recognized the need for change. This requirement is evident in the expressions of its urban population and its military and civilian leadership. Thus political change (through multiparty elections) and economic reforms are in the wind. But the elite may not be convinced that the distribution of

power must be changed; they still hope that the facade of elections and the changing of the constitution to eliminate single-party rule may allow them to continue to run Burma.

Burma began to cope with its crisis with a step forward—economic liberalization and a very modest proposal for political change. But at this writing it has retreated, making the outlook for Burma bleaker. The promise of change in Burma has dimmed, but change is necessary, and cannot be long denied. For the sake of all its citizenry, one can only hope that Burma's leaders will recognize the need for political reform. ■

## TAIWAN

*(Continued from page 176)*

remain in the Asian Development Bank, even though the Bank planned to admit Beijing and Taiwan had to change its name. This apparently signaled a more flexible and innovative diplomacy and a foreign policy based on public support and greater confidence.<sup>17</sup>

During 1987, Taipei was readmitted to the Asian Olympic Committee. It also sent a basketball team to play in the Soviet Union—a first. Meanwhile, it maintained formal diplomatic ties with some 20-nations that had embassies in Taipei. And it became widely known that the United States was allowing the private transfer of military technology to Taiwan (while arms sales decreased in accordance with the Washington-Beijing communique signed in August, 1982), enabling Taipei to build its own fighter planes.

In late 1987, Taipei dropped the ban on travel to China. A few months later, Taipei announced that it would allow sports and cultural contacts, the importation of publications, and trade (which was considerable) and mail from China.

In July, 1988, at the thirteenth party congress in Taipei, the ruling Nationalist party announced a new "mainland policy" that appeared to be aimed at promoting understanding and even ties possibly leading to reunification. It also formalized some earlier decisions and allowed Taiwan's businessmen to invest in China. Many Taiwanese believed that virtually all barriers would be removed soon. Some Western observers and scholars were even more sanguine—talking about an end to the two Chinas problem and reunification.

However, more knowledgeable experts said that the new policy reflected good public relations on Taipei's part and that recent foreign policy successes ensured that Taiwan could not be diplomatically isolated by Beijing. Nationalist party leaders brandished the Taiwan experience in their

<sup>17</sup>Asia Yearbook 1987 (Hong Kong: Far Eastern Economic Review, 1986), p. 251.

new mainland policy, realizing they could put Beijing on the defensive, in view of the fact that China was copying the Taiwanese model in many ways. A more positive policy toward China and statements that hinted of reunification appeared to be a balancing effort, offsetting excessive enthusiasm for democratization and Taiwanization.

It is also revealing that the party's "new and forward" mainland policy was announced by a military leader. At the same time that barriers between Taiwan and China were being removed, the Defense Ministry announced that Taiwan would soon put into use indigenously built submarines and that Taiwan was building a new fighter plane "that would be the best built in Asia."

The Taiwanese ability to build sophisticated weapons, especially high-performance fighter planes, had obvious implications. The United States had helped Taipei by providing military technology; the United States answer to queries and charges made by Beijing was that private, commercial transactions were not covered by the 1982 communiqué in which the United States promised to reduce arms sales to Taiwan. Off the record, it was argued that United States help was justified since Beijing refused to agree to a peaceful solution to the "Taiwan issue" as repeatedly requested by the administration of United States President Ronald Reagan.<sup>18</sup>

In short, Taiwan still planned to defend itself and had enhanced its ability to do so. It could also parry pressure from China to negotiate unification. With a per capita income twenty times that of China, and with freedoms and cultural opportunities unheard of on the mainland, the Taiwanese public (by a majority of 99 plus percent, according to polls) was opposed to living under the Communist system of the People's Republic.

Meanwhile, Taipei continued to pursue its "global strategy" of expanding trade and cultural contacts. With trade and cultural contacts in nearly every country of the world, Taiwan held a commercial position of such significance that it was difficult for it to be ignored or isolated. Conversely, formal relations were becoming of less and less concern. During 1988, only six percent of Taiwan's trade was with nations with whom it had formal diplomatic ties. Uruguay broke diplomatic ties with Taipei in favor of Beijing, but hardly anyone noticed.<sup>19</sup>

During the first half of 1988, Taiwan's trade

with East Europe increased by more than 100 percent. Hungary even established a trade office in Taiwan. Taipei sent a trade delegation to Vietnam and trade missions to the Soviet Union. Taiwanese cultural groups traveled around the world. In addition, half of Taiwan's rapidly increasing foreign investment (\$1 billion in 1987) went to Thailand, followed by Australia, the United States, the Philippines and several African nations. These indicators suggest that economic ties with China were not important to Taiwan.

Taipei announced that its foreign investment would double by 1990, but it did not mention China—though it did facetiously promise Beijing \$10 billion in aid if it would give up communism. Meanwhile, Taipei passed appropriations for a larger foreign assistance program, which some said might prompt some third world countries to adopt a dual recognition policy or break relations with Beijing in favor of Taipei. Others said that 60 representative offices abroad made such measures unnecessary.

## CONCLUSION

In the last two or three years, Taiwan has witnessed more far-reaching change than any country in the world. Taiwan is a nation that is now admired; no longer does the Western media or third world leaders speak of Taiwan as an authoritarian dictatorship or a pariah nation. Taiwan's experiences are now being studied, and more is being written about the leading "Little Dragon," as it is often called.

The Taiwanese experience offers some special lessons. With half its goods and services exported each year, mostly to Western capitalist countries, Taiwan has done what dependency theorists contended would lead to disaster. Instead of stagnation, its trade policies have produced a miraculous growth, giving the people of Taiwan a standard of living equal to that of the developed nations of the world.

The capitalist, free market model of growth has also produced growth with equity. Chinese leaders in Beijing have lauded Taiwan's growth and have attempted to copy it, causing many observers to state that Beijing has abandoned communism as a model of economic development. However, China may be fearful of Taiwan's success, particularly in the "Taiwanization" of Taipei's government, which will make separation more obvious and a theoretical solution empty.

Unification is a long way off. The differences between the two nations are great—economically, socially and politically. In the absence of war or some other catastrophe, Taiwan will remain free, independent and successful. ■

<sup>18</sup>See Kirk Spitzer, "Jet in the Shadow," *Fort Worth Star-Telegram*, October 2, 1988, p. 1.

<sup>19</sup>This was partly offset by the Bahamas subsequently granting diplomatic recognition to Taipei, thus keeping the number of nations with official ties at 23.

**CAMBODIA***(Continued from page 172)*

to withdraw its troops."

By the fall, Sihanouk had been invited to visit the United States and Great Britain as a state visitor. At the United Nations, the ASEAN group altered its annual call for a Vietnamese withdrawal from Cambodia, adding a phrase against the Khmer Rouge.

The new resolution called for the "nonreturn to the universally condemned policies and practices of a recent past," language taken out of a United Nations report on human rights abuses under the Khmer Rouge. China and the Khmer Rouge delegation immediately tried to delete the phrase.

Instead, the new resolution won important co-sponsors, including France, Australia and Sweden, which had previously refused to sponsor the anti-Vietnam draft because it failed to condemn the Khmer Rouge. The resolution chalked up 122 votes in favor, 19 opposed and 13 abstentions—the best tally since it was first introduced.

The resolution also paved the way for a compromise should an international peace conference be called. France had volunteered to host such a conference and to be more accommodating in further Sihanouk-Hun Sen meetings. The UN resolution dropped its usual demand that any international conference be held under UN auspices. France could now host and the UN could sponsor a conference in Paris in 1989, everyone's target date.<sup>12</sup>

Sihanouk and Hun Sen were scheduled to meet at the beginning of November, once more in France, and all indications pointed toward a provisional settlement. Then the mood changed. After Sihanouk returned from his October state visits to Washington and London, he began complaining that Hun Sen was becoming "too arrogant." Officials in Southeast Asia warned against optimism.

The meeting was nearly canceled over a dispute about who could stay at which luxury Parisian hotel. The talks were moved to Fère-en-Tardenois where they stalled over the question of the Khmer Rouge army. In essence, the Cambodians realized they could not solve the Khmer Rouge problem without the support of their powerful patrons. Moreover, there were apparently serious questions about whether Sihanouk would agree to any plan that required him to share power with other leaders, in particular Hun Sen, whose popularity was growing to Sihanouk's detriment.

<sup>12</sup>Elizabeth Becker, *The International Herald Tribune*, October 7, 1988.

<sup>13</sup>Author notes.

<sup>14</sup>Author notes.

The notion that the Cambodians could ratify an agreement that the international community would then guarantee had been destroyed. However, the Cambodians moved a few steps closer to peace. This time the non-Communist Son Sann joined their talks and signed a communiqué.

Immediately after the disappointments at Fère-en-Tardenois, Cambodia's powerful patrons retrieved the peace initiatives. First, China's Prime Minister Li Peng announced in New Zealand that China was willing to stop aiding the Khmer Rouge in exchange for a firm timetable for the Vietnamese withdrawal from Cambodia under international supervision.

This was on November 21. Less than two weeks later, China's foreign minister Qian Qichen became the first Chinese foreign minister to visit the Soviet Union in 31 years. In talks with Gorbachev, the Chinese visitor solidified plans for a summit meeting between Gorbachev and Chinese de facto leader Deng Xiaoping; Cambodia was at the top of the list of their joint concerns.

On the arrival of Qian Qichen, the Soviet press agency Tass announced plans for the final withdrawal of 18,000 Vietnamese troops by December 21. The international community was pressuring the Vietnamese again.

The Cambodians, however, resisted. In December, the Khmer Rouge leader, Khieu Samphan, made an unprecedented visit to France where he met with Sihanouk and promised wholehearted support for the Prince's five-point peace plan.

Sihanouk's "divorce" from the Khmer Rouge was beginning to look more like a separation. In one of his rare press conferences in Paris, Sihanouk was far more critical of Hun Sen than of the Khmer Rouge. He leveled personal attacks against Hun Sen, calling him a one-eyed pirate, while he declared the Khmer Rouge patriots (if not also criminals).<sup>13</sup>

On December 21, all four Cambodian factions sent high-level aides to inaugurate a working commission established at the last session at Fère-en-Tardenois. However, Sihanouk effectively ruined the meeting by declaring that his aides were to tell all other representatives that the Cambodians would refuse to negotiate if they did not accept Sihanouk's five-point plan.<sup>14</sup>

Early in 1989, Sihanouk sent a private note to all foreign ministers friendly to his cause, warning them that he was not convinced that the Vietnamese would actually withdraw. At the same time, in Phnom Penh, the regime of Hun Sen celebrated its tenth anniversary, praising the Vietnamese for withdrawing because Cambodia's own "national defense forces" were strong enough to

protect the country.<sup>15</sup> Once again, the international community stepped into the breach. On January 6, 1989, the Vietnamese announced that they would withdraw their troops by September if a political solution were found. The Chinese reprinted the text within a few hours.

On January 10, Thai Foreign Minister Siddhi Savetsila traveled to Hanoi for another historic meeting in the name of peace for Cambodia. He and his counterpart Thach said at news conferences that their positions on Cambodia were becoming "closer and closer." They declared an end to a decade of "mutual recriminations" and promised to work together "toward achieving peace in Cambodia." That meeting in Hanoi brought about the reconciliation necessary if the international community were to bring peace to Cambodia—a dialogue between Vietnam and China.

Literally hours after the Thach-Siddhi press conference, Sihanouk's son announced (over the Thai-based resistance radio) that the Chinese had agreed to meet with Vietnam to discuss Cambodia. The meeting would be held at the vice ministerial level no later than early February in Beijing.

Like clockwork, through his Parisian-based aides, Sihanouk announced that he no longer required the acceptance of his entire five-point plan. He dropped his demands for an armed international peacekeeping force and for the dismantling of the Hun Sen regime before elections were held.

He also agreed to attend a second JIM meeting in Indonesia at the urging of the Indonesian foreign minister, who visited Paris in order to persuade the Prince to be more flexible.

Once again the prospect for peace is rosy. Vietnamese Foreign Minister Thach predicted peace as early as the spring of 1989 and no later than September. The Chinese declared that 1989 would be the year to settle the Cambodian problem.

The international community has clearly achieved Gorbachev's goal—making the Cambodian question an excuse to explore better relations rather than seeing it as a barrier to peace. It remains to be seen whether the good intentions of all parties will actually achieve peace in Cambodia. More than one observer has wondered if this is the year for peace or for a nasty civil war in Cambodia. ■

<sup>15</sup>Hun Sen press conference, Phnom Penh, December 16, 1988. SPK Phnom Penh Domestic Service through the Foreign Broadcast Information Service.

## THE PHILIPPINES

(Continued from page 190)

scheme will not reduce the Philippine debt significantly, according to Professor Leonor Briones of the University of the Philippines, who is

also vice president of the Freedom from Debt Coalition (FDC). This is because the Philippines will be incurring new debts "due to the bonds that will be issued in exchange."<sup>22</sup> The FDC has proposed three minimum demands, namely: 1) the declaration of a moratorium while negotiating with creditors for better terms, including write-offs; 2) the imposition of a ceiling on debt service payments; and 3) selective disengagement from debts that are tainted with graft and corruption.<sup>23</sup>

## AN INDEPENDENT FOREIGN POLICY

In spite of polls showing that a majority of Filipinos favor the retention of the bases, there is an emerging consensus according to Senator Leticia Ramos Shahani, chairperson of the Senate Foreign Relations Committee, that eventually the United States bases will have to go.<sup>24</sup> And Shahani noted that in anticipation of the MBA's termination in 1991, the Senate has passed a resolution allocating \$7.5 billion to implement programs for alternative use of the bases.

Among current Filipino officials, Shahani is the foremost supporter of an independent foreign policy, based on mutual respect and on the concept of multipolar diplomacy that is "no longer fettered by cold war political rigidities." She exhorts her fellow Filipinos to look beyond the bases, which means looking forward "to a Philippines that shall no longer be a passive object of the major powers' strategic calculations but a key player in the Century of the Pacific."<sup>25</sup>

In advocating a more independent foreign policy posture, Shahani calls for a more fundamental change; i.e., she asks Filipinos to forget the "neocolonial psyche" that has made them subservient to the United States over the years through the World Bank, the International Monetary Fund and the American Chamber of Commerce. Filipinos should also be aware of the rapidly changing geopolitical picture in the Asian-Pacific region, which has tremendous implications for the future.

It is imperative, not just important, for United States decisionmakers to realize that the demand to end the Philippine-American "special relationship" is growing stronger and is not confined to left-leaning groups. Senator Shahani does not have a leftist perspective; she takes a moderate but no less nationalistic stand on the need to recast Philippine-

<sup>22</sup>Leonor M. Briones, "Will Bases Deal Actually Reduce Debt?" *Katipunan*, December, 1988, p. 7.

<sup>23</sup>Ibid.

<sup>24</sup>See Leticia Ramos Shahani, "Philippine-American Relations beyond the Bases," 1988 Macaulay Distinguished Lecture on Asia and the Pacific, University of Hawaii, September 23, 1988.

<sup>25</sup>Ibid., p. 11.

American relations. Otherwise, the United States will continue to repeat disastrous blunders.

## CONCLUSION

Official corruption, the Muslim insurgency, labor strife, the urban crisis, the still expanding population, the lack of social services and the destruction of the environment are also continuing problems. In dealing with these and other problems cited earlier, Aquino faces a major dilemma. For all the criticism heaped on her administration (some of which is unreasonable), Aquino can claim with pride that she has restored and stabilized democratic institutions and turned the economy around. But political stability and economic growth often clash with issues of equity and redistribution.

The government has set in motion certain populist measures, apparently to counter the criticism that it has moved to the right in areas like the counter-insurgency program and land reform. Populist measures or policies include the rollback in oil prices, free high school education, the sale of generic drugs, low-interest home loans for the lower and middle income classes and the Comprehensive Agrarian Reform Program (CARP). Of these, the last is seen as lacking in teeth and conviction, essentially because it was crafted by a conservative Congress (particularly the lower house). In its final form, CARP is "certainly not the drastic social reform that can immediately transform the power structure in the countryside."<sup>27</sup> It must become more decisive. But given the present political culture and social structure, this may well be impossible.

Speculation has turned to Aquino's political future, particularly the question of whether she will run again. There is reason to believe that she will not run. But there may well be forces that will persuade her to seek reelection. One of these is the challenge of transforming the current liberal elitist political system into a genuine popular democracy. Aquino must become more aggressive and tougher in applying a combination of state power and moral leadership if she is to control corruption, purge the bureaucracy of its venalities, instill discipline in the military, handle insurgent groups effectively and deal with the United States more forcefully. Above all, Corazon Aquino needs to become an activist President who will not only lead but will force the Philippines to a real democratic revolution. ■

<sup>26</sup>See Raymond Bonner, *Waltzing with a Dictator—The Marcoses and the Making of American Policy* (New York: Random House, Times Books, 1987).

<sup>27</sup>Amando Doronila, "A Twilight Zone in Our Political Growth," *The Manila Chronicle*, June 15, 1989, p. 1.

## BOOK REVIEWS

(Continued from page 189)

Korean relations and recommends policy alternatives. Olsen notes that the United States needs to pay more attention to Korean affairs, especially in light of the importance of South Korea's economy and the progress of bilateral unification talks.

R.S.B.

**PACIFIC COOPERATION AND DEVELOPMENT.** Edited by George Kozmetsky, Hiroshi Matsumoto and Raymond W. Smilor. (New York: Praeger, 1988. 223 pages, appendixes and index, \$39.95.)

*Pacific Cooperation and Development* is published under the auspices of the University of Texas at Austin's IC<sup>2</sup> Institute, a research center for the study of innovation, creativity and capital. The contributors to this collection include businessmen, academics and government officials from the United States and the nations of the Pacific.

The contributors discuss economic development and trade in the Pacific-Asian region, and the Pacific nations' trade with Europe and North and South America. Topics include the dependence of South Pacific nations on commodity trade and foreign aid; the need for comprehensive regional economic cooperation; problems caused by conflicting cultures; and the impact of trade deficits and surpluses on regional and global market conditions.

R.S.B.

**THE PHILIPPINE BASES: NEGOTIATING FOR THE FUTURE.** Edited by Fred Greene. (New York: Council on Foreign Relations, 1988. 158 pages, maps and notes, \$9.95.)

This commentary is based on research commissioned for a joint meeting of the Council on Foreign Relations and the Philippine Council for Foreign Relations held in February, 1988, and sponsored by the Asia Foundation Center for Pacific Affairs. In addition to contributions by the editor, the book contains articles by Alva M. Bowen Jr. (on United States facilities in the Philippines) and by William E. Berry Jr. (on the United States bases and postwar United States-Philippine relations).

R.S.B.

**KOREA: AN INTRODUCTION.** By James Hoare and Susan Pares. (London: Kegan Paul International, 1988. 238 pages, list of suggested readings and index, \$12.95.)

Another good introduction to the Korean peninsula, which contains background on Korean history, development since 1945, societal values and foreign relations.

R.S.B. ■

# THE MONTH IN REVIEW

*A Current History chronology covering the most important events of February, 1989, to provide a day-by-day summary of world affairs.*

## INTERNATIONAL

### Angolan Peace Plan

Feb. 9—Angola accuses South Africa of violating recently signed peace pacts by sending troops back into southern Angola.

### Cambodian Peace Talks

Feb. 16—Representatives of Cambodia's Vietnamese-supported government and the opposition coalition begin talks in Indonesia.

Feb. 19—Vietnamese Foreign Minister Nguyen Co Thach says that if no agreement is reached on a timetable for the Vietnamese withdrawal from Cambodia, Vietnam will not withdraw troops from Cambodia until the end of 1990.

Feb. 21—The Cambodian peace talks in Indonesia end; negotiators fail to agree on a basis for an interim government in Cambodia that would supervise the Vietnamese withdrawal and conduct national elections.

### Central American Peace Plan

Feb. 9—Officials of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua end 2 days of talks at the UN to lay the groundwork for next week's Central American summit meeting in El Salvador.

Feb. 14—at the end of a 2-day meeting at the resort of Tesoro Beach, El Salvador, the Presidents of El Salvador, Nicaragua, Guatemala, Honduras and Costa Rica agree to close the contra rebel bases in Honduras in return for free elections in Nicaragua; they also agree on cease-fires with rebels in their own countries, free press and elections, and respect for human rights.

Feb. 26—The Honduran army agrees to enforce the dismantling of Nicaraguan contra bases in Honduras. The chief of the Honduran forces, General Humberto Regalado Hernández, says that within 90 days, the military and the government will draw up a plan to relocate the contras.

### European Community (EC)

(See *Intl., Intl. Terrorism*)

### International Terrorism

(See also *Intl., UN*)

Feb. 12—in Islamabad, Pakistan, 5 people are killed and 50 others are injured when a crowd attacks the U.S. cultural center. The protesters, mostly Muslims, are upset by the publication of the novel *The Satanic Verses*, written by Indian-born British author Salman Rushdie. Many Muslims believe that the novel insults the prophet Mohammed.

Feb. 13—in New Delhi, India, 3 people die and 60 are wounded as Muslim rioters demonstrate against the publication of the novel *The Satanic Verses* in the U.S.

Feb. 14—Iran's leader Ayatollah Ruhollah Khomeini says that the author of *The Satanic Verses* and his publisher have been "sentenced to death" and that "anyone killed carrying out [the Ayatollah's] order [to kill them] will be considered a martyr."

Feb. 15—Demonstrators angry with Salman Rushdie stone the British embassy in Teheran.

Salman Rushdie cancels his promotional tour of the U.S. because of the threats made by Ayatollah Khomeini.

Feb. 16—British Transport Minister Paul Channon says British investigators have concluded that the December 21

crash of a Pan Am jetliner was caused by a plastic explosive inside a radio-cassette player in the plane's cargo.

Great Britain criticizes Iran for Ayatollah Khomeini's death threat against Salman Rushdie.

Feb. 17—Iran says that it will rescind its death threat against Rushdie if he apologizes to the Islamic world.

Feb. 18—Rushdie says that he regrets the commotion caused by the publication of his book in the Islamic world.

Feb. 19—Khomeini says that "even if Rushdie repents . . . it is incumbent on every Muslim . . . to send him to hell."

Feb. 20—The 12 members of the European Community (EC) agree to recall their highest-ranking envoys from Iran to protest Khomeini's death threats against Rushdie; Britain will also deport the Iranian diplomatic staff from Britain.

Feb. 21—U.S. President George Bush calls Khomeini's death threat against Rushdie "deeply offensive to the norms of civilized behavior."

In response to the EC action, Iran orders its top diplomats to return home from West Europe.

Feb. 24—at least 12 people die in a riot in Bombay, India, in another protest against *The Satanic Verses*.

Feb. 27—in Washington, D.C., the trial of accused terrorist Fawaz Yunis begins; Yunis, who was allegedly involved in the 1985 hijacking of a Jordanian airliner that was carrying several American passengers, is the 1st terrorist tried under a 1984 U.S. law that makes a hijacking outside the U.S. a crime if American citizens are victims.

### Iran-Iraq War

Feb. 3—UN Secretary General Javier Pérez de Cuéllar reports that peace negotiations between Iran and Iraq are showing signs of progress; both sides are making small concessions.

Feb. 10—According to UN Secretary General de Cuéllar, Iranian and Iraqi foreign ministers agree to direct peace talks to take place in March.

### North Atlantic Treaty Organization (NATO)

(See *U.S., Foreign Policy*)

### Palestine Liberation Organization (PLO)

(See *Intl., UN; Israel; U.S.S.R.; U.S., Foreign Policy*)

### United Nations (UN)

(See also *Intl., Central American Peace Plan, Iran-Iraq War; Sudan*)

Feb. 12—the UN halts flights of relief supplies to the Afghan capital of Kabul because airlines consider the trip too hazardous.

Feb. 15—the UN International Civil Aviation Organization opens a 2-day meeting in Montreal, called to consider the problems raised by the December 21 terrorist bombing of the Pan Am flight from London to New York; the U.S. and Britain call for tighter security measures.

Feb. 17—the U.S. vetoes a Security Council resolution that "strongly deplores" Israeli actions in the occupied lands.

### Warsaw Treaty Organization (Warsaw Pact)

Feb. 2—General Pyotr Lushev is named to replace Marshal Viktor Kulikov as military commander of the Warsaw Pact.

### AFGHANISTAN

(See also *Intl., UN; U.S.S.R.; U.S., Foreign Policy*)

Feb. 5—Afghanistan's President Najibullah, speaking to the

ruling People's party of Afghanistan, says that the Afghan regime will defend itself once the Soviet Union withdraws its forces.

A leader of the Afghan resistance says that the 15 groups in the resistance will meet shortly to form a council that will replace the government of President Najibullah.

Feb. 11—In a nationwide speech, President Najibullah accuses Pakistan of planning to invade Afghanistan once Soviet military forces withdraw on February 15.

Feb. 14—The last Soviet soldiers at the Kabul airport withdraw to the Soviet Union.

Feb. 15—The commander of the Soviet forces crosses the border into the Soviet Union; he is the last Soviet soldier to leave Afghanistan.

Feb. 18—Meeting in Pakistan, Afghan resistance leaders select a President and a 400-member Council to rule Afghanistan if the resistance succeeds in ousting the present government.

The government of Afghanistan declares a state of emergency.

Feb. 20—Prime Minister Mohammed Hassan Sharq resigns.

Feb. 21—Sultan Ali Kishtmand, the only Muslim in the Afghan Cabinet, is appointed Prime Minister.

Feb. 24—Sibgatullah Mojadedi, who has been selected as the President of the interim government established by the resistance, says that the government in Kabul will fall within 1 month.

### ALGERIA

Feb. 24—In a referendum, more than 70 percent of the voters endorse a new constitution, which will allow multiparty elections.

### ANGOLA

(See *Intl, Angolan Peace Plan*)

### BELGIUM

Feb. 14—Former Prime Minister Paul Vanden Boeynants is released by his kidnappers. The Belgian press believes that Boeynants's family paid a \$2-million ransom for his release.

### BRAZIL

(See *Paraguay*)

### BURMA

Feb. 17—The government of Japan decides to recognize Burma's government and to resume sending foreign aid to Burma. Japan was the largest aid donor to Burma, but it has withheld aid since mid-1988, when a series of coups resulted in a change of leadership in Burma.

### CAMBODIA

(See *Intl, Cambodian Peace Talks; China*)

### CANADA

(See *Mexico; U.S., Foreign Policy*)

### CHILE

Feb. 5—Patricio Aylwin, the leader of the Christian Democratic party, is named as the opposition coalition candidate for Chile's December, 1989, presidential election.

### CHINA

(See also *U.S., Foreign Policy; Vietnam*)

Feb. 1—Soviet Foreign Minister Eduard Shevardnadze arrives in Beijing to begin 3 days of talks with China's leaders.

Feb. 2—Chinese Foreign Minister Qian Qichen says that he and Soviet Foreign Minister Shevardnadze have agreed on "many aspects" of the situation in Cambodia.

Feb. 3—Chinese leaders invite Soviet President Mikhail Gorbachev to visit China in mid-May for the 1st Sino-Soviet summit in 30 years.

At the conclusion of Shevardnadze's visit, China and the Soviet Union release a 9-point statement on Cambodia. The statement calls for an "effective control mechanism" to facilitate the withdrawal of Vietnamese forces from Cambodia, the end of military aid to combatants and the holding of free elections.

Feb. 23—China and Indonesia restore diplomatic relations; the 2 nations suspended relations in 1967.

Feb. 27—Fang Lizhi, China's most prominent dissident, is barred from attending a banquet in Beijing with visiting U.S. President George Bush.

### COSTA RICA

(See *Intl, Central American Peace Plan*)

### CZECHOSLOVAKIA

Feb. 21—Dissident playwright Vaclav Havel is convicted of inciting a riot in Prague on January 16; he is sentenced to 9 months in jail.

Feb. 22—A court convicts 7 political dissidents of hooliganism in connection with rioting in January; the 7 receive sentences varying from fines to 1 year in jail.

### EGYPT

(See *Israel; U.S.S.R.*)

### EL SALVADOR

(See also *Intl, Central American Peace Plan; U.S., Foreign Policy*)

Feb. 7—Leftist guerrillas of the Farabundo Martí National Liberation Front propose a 60-day cease-fire if the government delays elections for 6 months; presidential elections are scheduled for March 19.

Feb. 10—El Salvador's political parties agree in principle to hold talks with leftist guerrillas.

Feb. 20—Representatives of the leftist guerrillas and El Salvador's political parties open talks in Mexico City.

Feb. 21—Farabundo Martí leaders offer to disarm if the Salvadoran army is restructured.

Feb. 22—The ruling Christian Democratic party and the army reject the latest rebel peace proposal.

Feb. 27—An offer by President José Napoleón Duarte to accept in principle the Farabundo Martí proposal to delay elections is rejected by the right-wing ARENA (National Republican Alliance) party; several leftist political parties are also critical of President Duarte's offer.

### ETHIOPIA

(See *U.S., Foreign Policy*)

### FRANCE

(See also *Vietnam*)

Feb. 16—Roger-Patrice Pelat, a close friend of President François Mitterrand's, is indicted in an insider-trading scandal.

### GERMANY, WEST

(See also *U.S., Foreign Policy*)

Feb. 9—A small neo-Nazi group, the National Assembly, is banned by the government; however, according to the government, the Republican party, a right-wing party that won representation in Parliament in January, is not categorized as "extremist."

Feb. 15—The West German government reports that since 1980 it has been receiving warnings of Libyan involvement in the manufacturing of poison gas. The government also

releases a new set of restrictions on exports that is designed to prevent West German companies from producing chemical or biological weapons for export.

### **GUATEMALA**

(See *Intl, Central American Peace Plan*)

### **HONDURAS**

(See *Intl, Central American Peace Plan*)

### **HUNGARY**

Feb. 12—A special 2-day session of the Communist party Central Committee ends in Budapest. The Central Committee confirms in general terms its desire to see a multiparty political system in Hungary.

### **INDIA**

(See *Intl, Intl Terrorism; U.S., Labor and Industry*)

### **INDONESIA**

(See *China*)

### **IRAN**

(See also *Intl, Intl Terrorism, Iran-Iraq War; U.S.S.R.; U.S., Foreign Policy*)

Feb. 8—The government of Iran orders the release of several thousand prisoners to commemorate the 10th anniversary of the Islamic revolution that brought Ayatollah Ruhollah Khomeini to power.

Feb. 12—In an article published today, Ayatollah Hussein Ali Montazeri, the appointed successor to Ayatollah Khomeini, says that Iran should curtail its policy of extremism.

Feb. 26—Iran's legislature calls for breaking off diplomatic relations with Great Britain.

Feb. 28—The Parliament votes to suspend diplomatic ties with Great Britain unless the British government stops criticizing Ayatollah Khomeini and condemns the novel *The Satanic Verses*.

### **IRAQ**

(See *Intl, Iran-Iraq War; U.S., Foreign Policy*)

### **ISRAEL**

(See also *Intl, UN; U.S.S.R.; U.S., Foreign Policy*)

Feb. 3—Foreign Minister Moshe Arens says that the Israeli army's belief that the PLO has halted terrorist attacks is erroneous.

Feb. 6—Israeli officials claim that 5 heavily armed Arab guerrillas killed near the Israeli border in southern Lebanon on February 5 were members of the PLO.

Feb. 7—in response to a U.S. State Department report that cites Israeli soldiers for causing "many avoidable deaths and injuries" to Palestinians in the occupied territories, Israel says that the actions in question were justifiable responses to "daily provocations."

Feb. 26—Israel signs an agreement to return the Taba resort area captured by Israel in the 1967 Arab-Israeli War to Egypt; Taba is the last strip of the Sinai Peninsula returned to Egypt.

### **ITALY**

Feb. 22—After a 5-day party caucus, former Prime Minister Arnaldo Forlani replaces Prime Minister Ciriaco De Mita as head of the Christian Democratic party.

### **JAMAICA**

Feb. 9—in national elections, Michael Manley's People's National party defeats the Jamaica Labor party led by Prime Minister Edward Seaga. The People's National party wins 44

of the 60 seats in Parliament and Manley, who was Prime Minister from 1972 to 1980, will replace Seaga.

### **JAPAN**

(See also *Burma; U.S., Foreign Policy; Vietnam*)

Feb. 7—Opposition party leader Saburo Tsukamoto resigns as chairman of the Democratic Socialist party. Tsukamoto is the latest political figure to resign from public office in connection with the Recruit Cosmos stock scandal.

Feb. 12—In a by-election for a vacant seat in the upper house of Parliament, the ruling Liberal Democratic party's candidate is defeated by a member of the Japan Socialist party. Political experts say that the defeat is a sign of public unrest over the Recruit scandal.

Feb. 13—Four prominent businessmen, including the former chairman of the Recruit Company, are arrested on bribery charges in connection with the Recruit scandal.

Feb. 24—After weeks of ceremonies, the late Emperor Hirohito, who died on January 7, is entombed.

### **JORDAN**

(See *Intl, Intl Terrorism*)

### **KOREA, NORTH**

(See also *U.S., Foreign Policy*)

Feb. 8—North Korea announces that it will boycott proposed talks with South Korea on February 10 if South Korea participates in joint military exercises with the U.S.

### **KOREA, SOUTH**

(See *Korea, North; U.S., Foreign Policy*)

### **LEBANON**

Feb. 15—The 2 major Christian military groups in Lebanon, the Lebanese Army of General Michael Aoun and the Lebanese Forces of Samir Geagea, engage in a 17-hour battle. Police say that 40 people were killed and 90 were injured in the fighting.

Feb. 16—Fighting resumes between the 2 rival Christian factions in Lebanon.

Feb. 20—Lebanese Forces leader Samir Geagea recognizes General Aoun as the legitimate representative of Lebanon; Geagea orders his troops to return to their barracks.

### **LIBYA**

(See *Germany, West; U.S., Foreign Policy*)

### **MEXICO**

Feb. 18—Testifying at an immigration hearing in Canada, former Mexican army soldier Zacarías Osorio Cruz admits that he belonged to a death squad that executed 60 prisoners over the last 2 decades. Osorio says the killings were ordered by Mexico's Ministry of Defense.

Feb. 23—President Carlos Salinas de Gortari says the government will release 400 political prisoners; in addition, Salinas promises to revise legislation that covers political offenses.

### **NICARAGUA**

(See *Intl, Central American Peace Plan*)

### **PAKISTAN**

(See *Intl, Intl Terrorism; Afghanistan; U.S.S.R.*)

### **PARAGUAY**

Feb. 3—A coup led by General Andrés Rodríguez removes Paraguayan leader General Alfredo Stroessner from power. Rodríguez is named President.

Feb. 5—Former dictator Alfredo Stroessner leaves Paraguay

and flies into exile in Brazil.

Feb. 6—At his 1st news conference as President, General Rodríguez denies allegations that he has been involved in drug trafficking. Rodríguez also announces that presidential and congressional elections will be held on May 1, 1989.

### PERU

Feb. 13—Saul Cantorál, the leader of Peru's mine workers, is abducted and murdered by the Commando Rodrigo Franco, a little-known extremist group.

### PHILIPPINES

Feb. 1—The army announces that 32 Muslim guerrillas were killed in fighting on January 31 in Zamboanga.

### POLAND

Feb. 6—Direct talks among the officials of the government, the Roman Catholic church and the opposition, including the leaders of the outlawed labor union Solidarity, open in Warsaw. The government proposes to reinstate Solidarity in exchange for "nonconfrontational" elections.

Feb. 19—The press reports that a tentative accord has been reached at talks between the government and opposition groups. According to the agreement, Solidarity and its supporters will receive 40 percent of the seats in Parliament.

Feb. 27—The government restricts public protests after groups opposed to Solidarity's participation in direct talks with the government demonstrate in Krakow. At least 100 people are detained by police.

### SOMALIA

(See U.S., Foreign Policy)

### SOUTH AFRICA

(See also *Intl. Angolan Peace Plan; U.S., Foreign Policy*)

Feb. 1—Four members of the African National Congress (ANC), on trial for the 1986 murder of a black politician, refuse to participate in their own trial.

Feb. 2—After suffering a stroke in January, President P.W. Botha resigns as head of the ruling National party; a party caucus selects F.W. de Klerk to succeed Botha.

Feb. 4—Three prominent white anti-apartheid political parties announce the formation of the Democratic party, a multi-racial front that will compete with the National party and the Conservative party.

Feb. 9—The body of 14-year-old Stompie Moeketsi is discovered in Soweto. Moeketsi and 3 other black youths were allegedly abducted and beaten on December 29, 1988, by bodyguards of Winnie Mandela, the wife of imprisoned ANC leader Nelson Mandela.

Feb. 13—Krish Naidoo, a civil rights lawyer who has been acting on behalf of Winnie Mandela, resigns as her counsel.

Feb. 16—The United Democratic Front, South Africa's largest anti-apartheid organization, disowns Winnie Mandela for her involvement in the death of Stompie Moeketsi.

Feb. 18—Winnie Mandela agrees to sever her ties with her bodyguards.

The leadership of the exiled African National Congress voices its displeasure with the conduct of Winnie Mandela.

Feb. 19—Police search Winnie Mandela's home and arrest 4 of her bodyguards in connection with the murder of Stompie Moeketsi.

Feb. 21—Mandela bodyguards Jerry Richardson and Jabu Sithole are charged with Stompie Moeketsi's murder and the abduction of 3 youths.

Feb. 26—Nelson Mandela meets with his wife, Winnie Mandela, and tells her not to make public statements about the controversy surrounding her bodyguards.

### SRI LANKA

Feb. 12—Sri Lankan officials say that 55 people were killed in the last 2 days in pre-election violence; at least 1,000 people have died in election-related violence since January 6, when nominations were held for the February 15 round of parliamentary elections.

Feb. 15—During the 1st parliamentary elections in 11 years, 56 people are killed by extremists.

Feb. 16—The United National party led by President Ranasinghe Premadasa wins a majority in Parliament, gaining 125 seats in the 225-seat legislature.

### SUDAN

(See also *U.S., Foreign Policy*)

Feb. 14—The government of Sudan asks the representatives of UN relief agencies and other international humanitarian groups to visit Khartoum in March to discuss famine relief efforts.

### SYRIA

(See *U.S.S.R.; U.S., Foreign Policy*)

### U.S.S.R.

(See also *Afghanistan; China; U.S., Foreign Policy*)

Feb. 4—Foreign Minister Eduard Shevardnadze arrives in Pakistan for talks with Pakistani leaders about the aftermath of the Soviet withdrawal from Afghanistan.

Feb. 5—Moscow radio says that the withdrawal of Soviet troops from Afghanistan is near completion.

Feb. 6—Foreign Minister Shevardnadze leaves Pakistan; he criticizes the U.S. and Pakistan for continuing to supply the Afghan guerrillas with weapons.

Feb. 15—Andrei Sakharov withdraws his candidacy for the National Congress of Deputies.

Feb. 17—Foreign Minister Eduard Shevardnadze begins an 11-day tour of the Middle East.

Feb. 18—in Syria, Foreign Minister Shevardnadze talks with Syrian President Hafez Assad.

Feb. 20—Soviet President Mikhail Gorbachev travels to the Ukraine; while addressing a crowd at close range, President Gorbachev is hounded by complaining citizens.

Foreign Minister Shevardnadze talks with Egyptian President Hosni Mubarak and invites Mubarak to visit the Soviet Union.

Feb. 22—in Cairo, Shevardnadze meets with Israeli Foreign Minister Moshe Arens and then with PLO chairman Yasir Arafat.

Feb. 23—President Gorbachev visits the site of the 1986 Chernobyl nuclear accident and calls for new policies to protect the environment.

Feb. 25—Foreign Minister Shevardnadze talks with Iran's Ayatollah Khomeini in Teheran; the Ayatollah tells Shevardnadze that Iran wants to improve relations with the Soviet Union to counter the "devilish acts of the West."

### UNITED KINGDOM

#### Great Britain

(See also *Intl. Intl Terrorism, UN; Iran*)

Feb. 20—A series of explosions destroys the Tern Hill army barracks in central England. No one is hurt in the explosions, for which the IRA (Irish Republican Army) claims responsibility.

### UNITED STATES

#### Administration

Feb. 1—The Environmental Protection Agency (EPA) reports that the chemical daminozide, used by growers on some

varieties of red apples, poses a significant cancer threat to humans; saying that its tests are incomplete, the agency will permit its use for at least 18 months.

President George Bush selects U.S. Court of Appeals Judge Kenneth Starr as Solicitor General.

Feb. 6—President Bush offers an administration plan to end the financial crisis in the nation's savings and loan industry; the plan would raise the insurance premiums paid by the banks to establish a \$50-billion corporation to aid failing units, would give the Federal Deposit Insurance Corporation (FDIC) sole authority to insure and set industry standards for some 350 insolvent associations and would put them under the control of the FDIC and the Federal Savings and Loan Insurance Corporation; the plan would also provide a \$50-million increase in the Justice Department budget to "seek out and punish" criminal mismanagement in the industry.

Feb. 8—The FDIC and the Federal Home Loan Bank Board (FHLBB) issue a statement saying "that until the agencies review the status of insolvent thrift institutions, no further assistance transactions will be undertaken." In effect, this will freeze the sale of failing institutions.

Feb. 9—In a televised address from the House of Representatives, President Bush presents his revised fiscal 1990 budget; he urges Congress to cooperate with him to reduce the deficit and to help those who have not benefited by the economic prosperity of the 1980's. He promises a military budget increased only for the level of inflation, and no tax increase. The \$1.16-trillion budget also projects slight increases in some domestic programs.

Feb. 16—President George Bush says he is "not about" to agree to a federal ban on semiautomatic weapons.

Feb. 24—A United Airlines 747 makes an emergency landing in Honolulu shortly after takeoff after a large area of the fuselage peels away, sucking 9 persons to their death and injuring 23 other passengers.

## Civil Rights

Feb. 11—In Boston, Barbara Harris is consecrated as the 1st female bishop in the Episcopal Church.

## Economy

Feb. 1—The Commerce Department reports that its index of leading economic indicators rose 0.6 percent in December.

Feb. 3—The Labor Department reports that the nation's unemployment rate rose slightly to 5.4 percent in January.

Feb. 7—New negotiations place 4 more savings and loan institutions with assets of \$5.6 billion under the FDIC.

Feb. 10—Most major banks raise their prime rate to 11 percent.

The Labor Department reports that its producer price index rose 1.0 percent in January.

Feb. 17—The Commerce Department reports that the U.S. foreign trade deficit fell slightly, to \$11.9 billion in December; the deficit for all of 1988 was \$137.3 billion, down from 1987's total of \$170.3 billion.

The FDIC takes control of 25 more insolvent savings and loan associations.

Feb. 22—The Labor Department reports that its consumer price index rose 0.6 percent in January, its sharpest rise in 2 years.

Feb. 23—The Chase Manhattan Bank raises its prime interest rate to 11.5 percent, the 2d increase in less than 2 weeks; other banks are expected to follow suit.

Federal Reserve Board chairman Alan Greenspan says "arrangements have been established for the provision of liquidity support to savings and loan associations," thus indicating that the board is ready to provide cash to insolvent institutions running short of cash because of heavy withdrawals.

Feb. 24—The Federal Reserve Board raises its discount rate to 7.0 percent.

Feb. 28—The Commerce Department reports that the nation's gross national product (GNP) rose at an annual rate of 2.0 percent in the last quarter of 1988; the department says that the inflation rate for the last quarter was 4.2 percent.

## Foreign Policy

(See also *Intl. Intl. Terrorism, UN; China; U.S.S.R.; Vietnam*)

Feb. 1—Vice President Dan Quayle arrives in Venezuela for the inauguration of Venezuela's President Carlos Andrés Pérez on February 2.

Feb. 2—in Washington, D.C., President George Bush and Japan's Prime Minister Noboru Takeshita meet for 3 hours to discuss new methods of resolving trade and other issues between the U.S. and Japan.

U.S. Army officials propose a plan to exchange 10 or 12 West Point cadets with their counterparts from the Soviet Union; the exchange may begin in the fall of 1989.

Feb. 3—in El Salvador, Vice President Quayle meets with Salvador's President José Napoleón Duarte to discuss human rights issues.

Feb. 7—the State Department issues its annual report on human rights around the world; it says that there has been "a substantial increase in human rights violations" because of the Israeli repression of the Palestinian uprising in the occupied territories; the report says there has been improvement in the human rights situation in the Soviet Union but deterioration in South Africa, Ethiopia, Sudan and Somalia.

Feb. 10—President Bush confers in Ottawa, Canada, with Canada's Prime Minister Brian Mulroney; he agrees to work for an acid rain agreement with Canada.

Feb. 11—Secretary of State James Baker 3d says that the U.S. will continue discussions with the PLO in spite of Israeli complaints; he voices concern over PLO guerrilla attacks.

Feb. 12—in Bonn, Secretary of State Baker begins negotiations with West German officials about whether NATO will be able to renovate its short-range nuclear missiles based in West Germany.

Feb. 15—the State Department says that the U.S. will continue to give military aid to the Afghan rebels in order to "support Afghan self-determination."

Feb. 23—President Bush arrives in Tokyo to attend the funeral of Japanese Emperor Hirohito.

Feb. 24—the Commerce Department imposes controls on the export of 23 chemicals to Syria, Iran, Iraq and Libya because the U.S. fears the spread of chemical and biological warfare weapons.

In Tokyo, President Bush confers with other world leaders attending the funeral of Hirohito.

Feb. 25—President Bush arrives in Beijing for a 2-day visit; he says the proposed Chinese-Soviet May, 1989, summit meeting is "nothing detrimental to the interests of the United States. . . ."

Feb. 26—in Seoul, South Korea, President Bush tells the National Assembly that "there are no plans to reduce United States forces" in South Korea; he also approves South Korean President Roh Tae Woo's effort to draw North Korea "toward practical, peaceful and productive dialogue. . . ."

Feb. 27—State Department spokesman Charles Redman says a recent peace proposal made by Salvadoran President José Napoleón Duarte is "the most significant opportunity ever" for ending the civil war in El Salvador.

President Bush returns from his 5-day trip to Asia; he says that the visit has been "productive and rewarding."

Feb. 28—the State Department again warns the PLO that terrorist attacks (as defined by the U.S.) against Israel must cease if the U.S. and the PLO are to continue their dialogue.

Feb. 28—In a report issued today, the State Department's Bureau of International Narcotic Matters praises the efforts made by Mexico's President Carlos Salinas de Gortari to strengthen Mexico's antinarcotics program.

### Labor and Industry

Feb. 14—India's Supreme Court orders Union Carbide to pay a settlement of \$470 million in damages for the Bhopal, India, disaster of 1984, when a toxic gas leak killed several thousand people and injured many more; Union Carbide agrees to the settlement.

The administration furnishes more details of its plan for a \$90-billion restructuring of the savings and loan industry.

General Motors Corporation announces record 4th quarter profits of \$1.4 billion for 1988.

Feb. 16—The Ford Motor Company reports 1988 4th quarter profits of \$1.16 billion.

### Legislation

Feb. 2—The Senate votes 95 to 5 to reject the proposed 50 percent pay rise for members of Congress, federal judges and top federal executives; to defeat the resolution the House must also reject it.

The Senate unanimously approves the nomination of Jack Kemp as housing and urban development secretary, Manuel Lujan Jr. as secretary of the interior and Michael Boskin as chairman of the Council of Economic Advisers.

Feb. 7—The House votes 380 to 48 to reject the 50 percent pay raise resolution; the Senate votes 94 to 6 against it; President Bush signs a resolution of disapproval.

Feb. 23—The Senate Finance Committee votes 19 to 0 to approve Louis Sullivan as secretary of health and human services.

The Senate Armed Services Committee votes 11 to 9 to reject the nomination of John Tower as secretary of defense; the White House says it will urge full Senate confirmation.

Feb. 24—in Tokyo, President Bush promises to make strong efforts to secure the nomination of John Tower.

Feb. 26—Defense Secretary-designate John Tower promises, if confirmed, to "not consume beverage alcohol of any type or form." Because of reports about his private life and his financial ties to the defense industry, Tower's nomination is in doubt.

Feb. 28—President Bush continues to make strenuous efforts to persuade the Senate to confirm John Tower as secretary of defense; the Senate is scheduled to vote on the nomination March 1.

Addressing a House subcommittee, FBI (Federal Bureau of Investigation) director William Sessions says that he is acting to improve the agency's affirmative action program; the committee has reported that the FBI has discriminated against black and Hispanic employees.

### Political Scandal

Feb. 8—U.S. District Court Judge Gerhard Gesell rejects a Justice Department attempt to censor testimony dealing with national security in the trial of former National Security Council aide Oliver North; he says that the Justice Department is making it so difficult that it could "destroy any opportunity for a fair trial."

Feb. 9—The U.S. Appeals Court in Washington, D.C., refuses to allow a Justice Department request to delay the start of Oliver North's trial temporarily to protect national security.

Feb. 10—for the 3d time in 2 days, the U.S. Court of Appeals refuses a Justice Department request to delay North's trial.

Feb. 11—The Justice Department asks the Supreme Court to delay North's trial to avoid "irreparable injury" to the nation.

Feb. 12—The Justice Department and special prosecutor Lawrence Walsh agree on the handling of secret national

defense issues in the trial of Oliver North; although Chief Justice William Rehnquist ordered a delay in the start of the trial, this agreement will apparently end the dispute and the delay.

Feb. 15—The Justice Department and special prosecutor Walsh agree on the protection of "secrets" in North's trial.

Feb. 20—Oliver North's trial begins.

Feb. 28—Judge Gerhard Gesell delays the Oliver North trial again when Gesell discovers that the classified material being withheld from the trial has already been accepted in a federal court in Florida. North's defense attorneys ask for dismissal of the 12 charges against North. Judge Gesell will resume the trial March 1.

### Politics

Feb. 10—The Democratic National Committee selects Washington, D.C., lawyer Ronald H. Brown as its new chairman; he is the 1st black to head a major political party.

Feb. 25—in a report issued on February 23, the Federal Election Commission says that the 101st congressional elections cost \$457 million.

### Supreme Court

Feb. 21—in a 6-3 decision, the Court upholds Indiana's racketeering laws and their use to fight the sale of obscene material. Some 14 states have racketeering laws that all include obscenity as a prosecutable offense.

Feb. 28—the Court rules unanimously that under the Civil Rights Act of 1871, a municipality can be held liable for injuries resulting from a failure to train employees adequately.

Ruling 6 to 3, the Court overturns a Court of Appeals verdict and says that the federal labor relations law does not necessarily permit striking workers in the transportation industry even with seniority to return to their previous jobs to replace nonstriking workers who have filled these jobs during a strike.

### VENEZUELA

(See also *U.S., Foreign Policy*)

Feb. 2—Carlos Andrés Pérez is inaugurated as President. In his inaugural address, President Pérez suggests an international approach to the Latin American debt problem.

Feb. 27—Widespread rioting is reported in response to increases in the price of gasoline and transportation fares.

Feb. 28—Rioting over price increases continues for a 2d day; at least 50 people have died in the worst outbreak of public disorder in 30 years. The government orders a curfew and suspends constitutional guarantees.

### VIETNAM

(See also *Intl, Cambodian Peace Talks; China*)

Feb. 27—Justice Minister Phan Hien says that the preamble to the nation's constitution will be revised to drop accusations of aggression against the U.S., China, France and Japan. He adds that the action marks "a new policy" for Vietnam.

### YUGOSLAVIA

Feb. 1—a 3-day Politburo session ends; the leaders of Yugoslavia's Communist party admit that they cannot cope with the nation's severe political, economic and ethnic problems.

Feb. 25—Kosovo Province is paralyzed by tens of thousands of striking ethnic Albanians, angered by constitutional reforms in the republic of Serbia.

Feb. 28—in Belgrade and other cities, hundreds of thousands of Serbs protest the resignations of 3 Communist party officials in Kosovo province. The protesters want stronger Serbian authority in Kosovo and the 3 officials reinstated.

# EAST ASIA

0 Km 600

0 Miles 600

MONGOLIA

NORTH KOREA

Sea of Japan

Beijing

Pyongyang

Seoul

SOUTH KOREA

Yellow Sea

JAPAN

Shanghai

East China Sea

CHINA

Boundary claimed by China

BHUTAN

INDIA

Mandalay

Sittwe

BURMA

LAOS

Vientiane

THAILAND

Rangoon

Andaman Sea

Moulmein

Bassein

Gulf of Thailand

Battambang

Bangkok

Phnom Penh

CAMBODIA

Ho Chi Minh City

VIETNAM

Guangzhou

Hanoi

Vinh

South China Sea

Hue

Cam Ranh Bay

MACAO

HONG KONG

TAIWAN

Formosa Strait

Taipei

Luzon

Philippines

Manila

Quezon City

Palawan

Mindoro

Cebu

Panay

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